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Seoul Official Quits After Disclosure Of Police Torture

LATE NEWS

13th Daily Gain Is Dow Record

The Dow Jones industrial average of blue chip stocks set a record Thursday in New York, posting its 13th straight daily gain. The average, which finished above 2,100 for the first time Monday, closed up 1.97 at 2104.47. The average set its previous 12-day record in December 1970. Page 8.

INSIDE TODAY



Boris Becker lost both his pole and his match Tuesday in the Australian Open. Page 15.

GENERAL NEWS

Ireland's coalition cabinet collapsed in a budget dispute and elections were set. Page 2.

BUSINESS/FINANCE

IBM said its profit plunged 48.2 percent in its fourth period, far worse than had been generally expected. Page 9.

Morgan Grenfell's chief executive resigned, a victim of the Guinness scandal. Page 9.

Reuters

SEOUL — The South Korean interior minister, Kim Chong Hoh, resigned Tuesday following the disclosure that a student had been tortured to death while in police custody.

President Chun Doo Hwan made a public apology over the incident. He named Chung Ho Young, a former general, to replace Mr. Kim.

South Korea's national police chief, Kang Min Chang, formally acknowledged on Monday that Park Jong Chol, 21, died of suffocation last week after his head was forced into water in a bathtub during a police interrogation.

Mr. Park was a third-year student majoring in linguistics at Seoul National University. According to a Seoul newspaper, he had twice been arrested in connection with anti-government demonstrations and had been sentenced to 10 months in jail. He had not served the sentence, however, because it was suspended for two months.

Mr. Kim said Tuesday that he and Mr. Kang had decided to resign to take political and moral responsibility for torture. He was speaking to reporters shortly after Mr. Chun ordered the police force to make every effort to prevent any repetition of such an incident.

In his acknowledgment Monday, Mr. Kang said two officers of a police unit tried to make Mr. Park talk by plunging his head into water. The youth suffocated when his throat was forced against the bathtub rim, Mr. Kang said.

On Tuesday, President Chun told the interior minister: "I express my deep regrets about the unexpected incident coming at a time when our police have been making sustained efforts to develop into a democratic force by standing at the vanguard of safeguarding freedom and human rights of the citizens."

Call for an Inquiry

John Burgess of The Washington Post reported earlier from Tokyo: South Korea's main opposition party had demanded a special Na-

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Korean students carry a picture of Park Jong Chol, a student tortured to death by the police. Above, Kang Min Chang, the police chief, one of two officials who resigned.



Iran, Iraq Strike Cities by Air; Tehran Reports Gain on Basra

Reuters

MANAMA, Bahrain — Missile and air strikes killed more civilians Tuesday in cities in Iran and Iraq, as Iran reported another advance toward Iraq's second-largest city, Basra, on the southern battlefield.

Iran fired a surface-to-surface missile at Baghdad early Tuesday, and a military spokesman there said that several people had been killed or wounded and houses and shops damaged.

The missile, believed to be a Soviet-made Scud B, was the fifth to hit the Iraqi capital in 10 days in a flare-up of the air war coinciding with the Iranian offensive toward Basra.

Iraq initiated air strikes against at least four Iranian cities within two hours of the missile's impact. The Iranian news agency reported that eight persons had been wound-

ed in Isfahan, south of Tehran. The news agency said that anti-aircraft fire had driven the planes away from other Iranian cities.

Iran has reported more than 1,100 civilians killed and 2,300 wounded in Iraqi air and missile attacks since Jan. 9, when Iran began the offensive. Iraqi casualties have been given as more than 700 dead or wounded in Iranian air strikes.

In ground fighting, the Iranian news agency reported further Iranian advances in the offensive near Basra. It said troops that were reported to have crossed the Jasin River six miles (10 kilometers) east of Basra on Sunday had pushed forward again in heavy fighting Monday night.

The news agency put Iraqi casualties at more than 30,000 dead or wounded. Tehran

Radio said that two Iraqi brigades, 10 colonels and 10 majors were among 2,150 prisoners of war.

Iraqi military sources said Tuesday that Iranian losses had amounted to 90,000 dead or wounded in the 3d Army Corps area east of Basra. Another 10,000 Iranian casualties were reported from a separate offensive on the central front northeast of Baghdad.

No Breakthrough Is Seen

David B. Ottaway of The Washington Post reported earlier from Washington:

U.S. officials sought Monday to counter the impression that Iranian forces were about to break through Iraqi defenses at Basra.

"There has not been a major Iranian breakthrough," said one official. "The Iranians are not much."

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Baker, Tokyo Minister To Meet on Dollar's Fall

By Ferdinand Protzman

International Herald Tribune

FRANKFURT — The dollar turned sharply higher Tuesday on news that Japan's finance minister had flown to Washington for talks with his U.S. counterpart, James A. Baker 3d.

Monetary experts said the meeting, called at the request of the Japanese minister, Kiichi Miyazawa, could be the first step toward a new international accord to brake the U.S. currency's slide.

In New York, news of the meeting pushed up the dollar nearly 2 pennings to 1.8370 Deutsche marks, and to 152.50 yen from 151.60 on Monday.

In Frankfurt, the U.S. currency

Strong yen breaks textbook rules about prices. Page 9.

gained 3 pennings to end at 1.8375 DM, while in earlier trading in Japan, the dollar rose to 152.25 yen, well up from its postwar record low of 149.98 set Monday. The Bank of Japan bought an estimated \$600 million to \$800 million to support the dollar.

In a related development, meanwhile, Claus Kohler, a director of the Bundesbank, said that the central bank's policy-setting council would weigh "currency factors" along with monetary problems at its regular meeting on Thursday.

The disclosure set off speculation that the Bundesbank may at last be considering a cut in one of its two key lending rates.

Japanese government officials said that Mr. Miyazawa and Mr. Baker were expected to try to reconstruct an accord they negotiated Oct. 31 to maintain the value of the dollar at the level at that time.

Since then, however, the dollar has fallen almost 10 percent against the yen and Washington has done nothing to halt the decline.

The officials said Mr. Miyazawa also would try to seek a renewed U.S. promise that it would not try to "talk down" the value of the dollar against the yen, or move its value by public pronouncements.

The export-oriented economies

of Japan and West Germany have suffered as a result of the dollar's decline, which raises the price of goods exported from those countries, while making U.S. exports cheaper. But both nations have resisted U.S. demands to stimulate their economies to ease trade imbalances.

There is political pressure in Japan to stabilize currencies because the rise of the yen damages Japan's ability to export. But Mr. Baker has been willing to let the dollar slide to help shrink the U.S. trade deficit, which is expected to widen to a record \$174 billion this year.

Congress, too, wants a weaker dollar to help American industry, which many observers say has been battered by imports.

But aides said Tuesday that Mr. Miyazawa stands a good chance of getting a pledge from Mr. Baker not to talk the dollar down. A senior Japanese official said Mr. Miyazawa would not risk going to Washington if he did not have a

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Kiichi Miyazawa

Illegal Drugs Reported Linked to Contra Affair

By Joel Brinkley

New York Times Service

WASHINGTON — Federal drug investigators uncovered evidence last fall that the American flight crews covertly ferrying arms to the Nicaraguan rebels were smuggling cocaine and other drugs on their return trips to the United States.

President Reagan will answer questions about the National Security Council. Page 4.

States, Reagan administration officials have said.

When the crew members, based in El Salvador, learned that Drug Enforcement Administration agents were investigating their activities, one of them warned that they had White House protection, the officials said Monday.

Recent congressional investigations have shown that the covert arms-supply operation was set up and managed with significant direction from Lieutenant Colonel Oliver L. North, the National Security Council aide who was dismissed in November. The flight crew member in El Salvador used Colonel North's name, officials said.

The crew member's warning, made after investigators had searched his house in San Salvador for drugs, caused "quite a stir" at the Ilopango Air Base, where the covert rebel supply operation was based, said an American official familiar with intelligence reports on the matter.

But the incident did not attract wider attention at the time and federal narcotics investigators continued their work, apparently without any interference from the White House or elsewhere, Drug Enforcement Administration officials said.

Several congressional, administration and drug enforcement officials said that, to date, they have found no evidence that Colonel North or anyone else in the White House interfered with the drug investigation or were even aware of it. Officials have concluded that the crew member's warning probably was a bluff.

The officials also say the evidence suggests that the drug smuggling was "a free-lance operation" carried out for the personal profit

of the flight crews, not for the benefit of the rebels, who are known as contras, or anyone else. Several unrelated government investigations have suggested but never proved that the contras themselves have smuggled drugs to raise cash for their war effort.

Still, early this month, word of this incident began circulating in the White House and in other government agencies, and some senior officials became "very, very worried" that the incident would be the next big scandal in the evolving Iran-contra affair, a former White House official said, using Colonel North's nickname.

The officials' concern increased in light of the recent disclosure that Colonel North had told the Federal Bureau of Investigation in October to stop investigating Southern Air Transport, the Miami air-freight company involved in the contra

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Republicans Give Helms Rank on Foreign Panel

United Press International

WASHINGTON — Senator Jesse Helms of North Carolina unexpectedly defeated Senator Richard G. Lugar of Indiana on Tuesday for the post of ranking Republican on the Foreign Relations Committee.

Senate Republicans, meeting to choose between the Southern conservative and the Midwestern moderate, voted 24-17 to give Mr. Helms the seat. Four Republicans were absent and did not vote.

The vote overruled a 7-0 vote by Republican members of the committee on Jan. 6 in favor of Mr. Lugar, who was Foreign Relations Committee chairman when the Republicans controlled the Senate in the last Congress. The chairmanship now goes to the Democrats.

Mr. Helms, in holding the ranking minority seat on the Foreign Relations Committee, will be considered the unofficial spokesman on foreign policy for the Republicans in the Senate.

The ranking minority member also controls a third of the panel's budget, including the hiring of nine

staff members, and can heavily influence minority reports.

Because the ranking minority member often accompanies the chairman to the White House for policy discussions, the post also can be one of pivotal influence.

Senator Helms's conservative views on many issues, including U.S. policy toward South Africa and support for the Nicaraguan rebels, are sharply different from those of Mr. Lugar and of the committee's chairman, Claiborne Pell, Democrat of Rhode Island.

Mr. Helms, who had portrayed the battle with Mr. Lugar as a defense of the Senate's seniority traditions, said later: "The seniority system was never a personality contest."

Among those supporting Mr. Helms was Lowell Weicker of Connecticut, a liberal who said that while he had substantial political differences with Mr. Helms, the seniority system should be upheld.

Mr. Helms was elected to the Senate in 1972. Mr. Lugar was elected in 1976. Both men joined the committee in January 1979.

Mr. Lugar, saying that the se-



Senator Jesse Helms

niorty system has often been disregarded in committee assignments, asserted that the post should be decided on the basis of views and leadership abilities of the candidates.

He asserted that the leadership fight centered on ideological differences with Mr. Helms, particularly over South Africa and Chile.

Curt Kirkwood, a spokesman for the Conservative Caucus, said the political action group set up telephone banks and sent out letters for Mr. Helms. "It was time," Mr. Kirkwood said, "for the conservatives in the Republican Party to have a conservative voice on the Foreign Relations panel."

Door Still Open, Deng Declares But Leader Speaks Cautiously of Economic Reforms

By Daniel Southerland

Washington Post Service

BEIJING — Deng Xiaoping, the senior Chinese leader, said Tuesday that China needed to open up further to the outside world, but he seemed less forceful in his advocacy of economic reforms than before.

In a meeting with Prime Minister Robert Mugabe of Zimbabwe, Mr. Deng was making his first public comments since Hu Yaobang was forced to resign the Communist Party leadership last week.

The removal of Mr. Hu followed demonstrations for freer expression and democracy in China.

Mr. Deng said: "If there are any shortcomings in implementing our open policy, the main one is that China needs further opening." The official Xinhua news agency reported.

Diplomats said that Mr. Deng's comments were intended to reassure foreign governments and businessmen that the policy of encouraging foreign investment in China and importing foreign technology and management techniques will continue.

But one diplomat said he saw signs in some of the statements from other Chinese officials that might signal a slowdown in Mr. Deng's economic changes.

Mr. Deng was more cautious in his remarks Tuesday than he had been in the past.

According to Xinhua, Mr. Deng attributed China's success in the past eight years partly to "self-reliance." The language is milder than phrases the Chinese leader was using a few months ago.

"Our goals are now realistic and practical," Mr. Deng told Mr. Mugabe. "China's mistakes committed a few years ago were due to over-demanding and excessive speed, regarding the country's realities."

He added, "The first step toward genuine political independence is to get rid of poverty."

The Chinese leader also emphasized the defense of the socialist system; previously he had emphasized flexibility and "socialism with Chinese characteristics."

Conservative officials who have been critical of some aspects of Mr. Deng's changes, meanwhile, made their views public in the official

People's Daily newspaper Tuesday. The conservatives have gained stature in ideological and cultural matters following the student demonstrations last month that led to Mr. Hu's downfall. On Tuesday, for the first time, the conservatives seemed to be trying to extend their gains to economics.

The People's Daily carried a front page article reporting the views of members of the National People's Congress who were unanimous in their emphasis on centralized planning, in contrast to the decentralization and use of market incentives promoted by Mr. Deng.

The article quoted Huang Hua, a former foreign minister and vice chairman of the standing committee of the National People's Congress, as saying that attention must be paid to centralized economic planning.

Xu Dixin, a member of the standing committee, said: "We cannot negate the planned economy completely and the advocacy of high consumption is unrealistic."

The People's Daily reported that some members of local people's

See CHINA, Page 2

3 Questioned, Released In Palme Investigation

By Juris Kaza

International Herald Tribune

STOCKHOLM — The police here briefly held three men for questioning Tuesday in connection with the assassination of Prime Minister Olof Palme. But before the end of the day they were released because of what Stockholm's chief prosecutor called insufficient evidence.

The handling of the incident focused new attention on the failure of the police to bring charges in the slaying. Mr. Palme was shot and killed on a Stockholm street on Feb. 28, 1986.

The Stockholm police commissioner, Hans Holmer, was publicly rebuffed in December by Sweden's chief law officer for his handling of the investigation. The government has resisted pressure to replace Mr. Holmer.

Tuesday's developments underscored reports in the Swedish press of serious dissension between police investigators, led by Mr. Holmer, and the prosecutors who eventually would have to gain a conviction. The prosecutors are headed by Claes Zéme.

The three men were among 20

persons, 12 of them Kurds, who were rounded up Tuesday in police raids in connection with Mr. Palme's killing and the murder of a Kurd in November 1985.

Mr. Holmer officially confirmed Tuesday, for the first time, that Kurdish extremists were his prime suspects in the shooting of Mr. Palme.

Mr. Zéme, the chief prosecutor, said the three suspects had to be released because there was not enough evidence to charge them.

The police have kept an almost total news blackout on details of the Palme investigation, but Swedish newspapers have speculated for months that the inquiry was focusing on Kurdish extremists. Two men identified as Kurdish political activists were questioned about the case last month.

A police statement said several of the Kurds taken into custody Tuesday were connected with the Kurdish Workers Party, a Marxist-Leninist group suspected of ordering the killing of at least two defectors from its ranks in Sweden, and of Kurdish dissidents elsewhere.

Members of the group reported

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Kookaburra III Has Clear Sailing Before a Storm Brews in Australia

The crews of Kookaburra II and Kookaburra III celebrated Tuesday in Fremantle, Australia, after Kookaburra III defeated Australia IV a fifth straight time in the America's Cup races.

That ended Alan Bond's hopes of defending the trophy he won from the United States in 1983, and led to acrimony between the leaders of the two Australian yachting syndicates. Page 15.

Have a Smoke, Be Fired U.S. Firm Applies Rule at Home, Too

United Press International

CHICAGO — Employees of USG Acoustical Products Co. have been told to stop smoking, even off duty, or they will be dismissed from their jobs.

"It is not a smoking ban," a USG spokesman, Paul Colitti, said Monday. "It is a ban on smokers, companywide."

The order, to be enforced by lung examinations, would probably withstand a court challenge, legal scholars said.

USG Acoustical, a division of USG Corp., makes thermal insulation and acoustical ceiling tiles. It employs about 1,300 people in seven states. The corporate headquarters are in Chicago.

The company will pay for courses to help workers stop smoking. One week after taking the course, employees who continue to smoke, even at home, are liable to be fired, Mr. Colitti said.

"We administer a pulmonary function test that measures lung capacity, among other things," he said. "We'll know then if they are still smoking. If they are, we'll have no choice but to let them go."

Legal scholars say that U.S. law is not developed in the area of smoking and that USG Acoustical's ban thus raises questions of invasion of privacy and possible discrimination. But in general, the scholars said, a private employer has the right to run a business as he chooses.

Peter Davis, a lawyer at the Wisconsin Employment Relations Commission, said the ban was legal.

Dale Spencer, a lawyer and professor of journalism at the University of Missouri, said: "The basic law in the area is that the government can't force a lot of things onto you, but a private employer can."

The rule, Mr. Colitti said, was created for the workers' good.

"It's an across-the-board thing applying to workers and management," he said. "We already have a good safety record so it is not being done to cut our insurance costs. It was a decision we've been thinking about to help make everyone healthier."

But Harry Jaffa, a constitutional expert at Claremont McKenna College in California, said: "It certainly doesn't promote the health of an employee to fire him."

WORLD BRIEFS

U.S. Envoy Blocked Morals Charge

LONDON (UPI) — The U.S. Embassy said Tuesday that an American accused of exposing himself to a girl was allowed to leave Britain without being charged because the U.S. ambassador had refused to waive the man's diplomatic immunity.

The Foreign Office initially had said the man, the husband of a U.S. Embassy employee, had been accused of raping an English girl, but later said the formal charge would have been "gross indecency." The girl's age was not given other than she was of school age.

The 30-year-old man, who claimed diplomatic status as the husband of a member of the U.S. Embassy's technical and administrative staff, returned to the United States with his wife in December 1985. The couple were not identified. The Foreign Office asked Ambassador Charles Price to waive the man's diplomatic immunity so he could be formally charged and prosecuted, but he refused, the spokesman said.

U.S. Said to Shield Contras on Abuses

LONDON (AP) — President Ronald Reagan's administration has helped shield Nicaraguan rebels from charges that they abducted, mutilated and executed civilian and military captives, the human rights organization Amnesty International said Wednesday.

It said the U.S. government had "in general dismissed such reports of abuses as false or grossly exaggerated" while apparently basing its views on information attributed to the U.S.-backed rebels known as the contras. This has "increased the likelihood that abuses continue to be committed," it said.

In a letter sent Oct. 21 to the U.S. secretary of state, George P. Shultz, Amnesty International's secretary-general, Ian Martin, said there were continuing reports of "indiscriminate and often fatal attacks on civilian noncombatants" in Nicaragua.

Widow Urges Lawsuits Against NASA

HOUSTON (AP) — The widow of an astronaut who died in an Apollo spacecraft accident urged the families of crew members killed in the Challenger explosion to file lawsuits, saying NASA and space contractors "don't care anything about you."

"They don't care about me, financially or morally," said Betty Grissom, widow of Virgil I. (Gus) Grissom. Her remarks were contained in a copyright story in the Houston Chronicle on Tuesday. Mr. Grissom was one of three astronauts who died in 1967 when a fire erupted inside their Apollo 1 spacecraft while they were conducting tests at the Kennedy Space Center in Florida.

Mrs. Grissom said she would have received no financial judgment for her husband's death if a Houston lawyer, Ronald D. Kist, had not filed a suit for her in 1972. The suit resulted in a \$350,000 award from North American Rockwell, the prime contractor on the Apollo project.

Fire at U.S.-Soviet Nuclear Station

MOSCOW (AP) — Fire destroyed one of three monitoring stations set up by Soviet and U.S. scientists near the Soviet Union's main nuclear weapons test ground in Kazakhstan, a member of the American team said Tuesday.

The fire near Bayanbulak, about 120 miles (195 kilometers) northeast of the city of Karaganda in northern Kazakhstan, broke out Saturday in one of the four trailers that make up the seismological station. Soviet officials said they believed it was caused by an electrical short in a heater, according to Fabio Simi of the Scripps Institution of Oceanography in La Jolla, California.

Sri Lankan Rebel Is Reported Killed

MADRAS, India (Reuters) — A Tamil militant leader has been killed by a powerful rival group in Jaffna in northern Sri Lanka where Tamil separatists are battling the Colombo government, guerrilla sources said here Tuesday.

They said Mendis, commander of the People's Liberation Organization of Tamil Eelam, was killed last week by the Liberation Tigers of Tamil Eelam, another rebel group.

Uma Maheswaran of the People's Liberation Organization said the incident was part of the Tigers' strategy to eliminate rival rebel groups and establish supremacy in Jaffna.

For the Record

A 15-month economic emergency in Nigeria declared by the military government in 1983 has been extended for two years, the official gazette said.

The White House communications director, Patrick J. Buchanan, said Tuesday that he would not run for president in 1988 because of fear that his candidacy "would fracture and embitter, not unite, the leadership and rank-and-file of the conservative cause."

Prime Minister Jacques Chirac of France picked Jacques Valade, a senator from Mr. Chirac's Rally for the Republic party, on Tuesday as the minister for research and higher education. The former minister resigned after student strikes in December.

The U.S. Republican Party has chosen New Orleans and its Superdome for the party's 1988 presidential convention from Aug. 15-18.

KOREA: Interior Minister Resigns

(Continued from Page 1)

national Assembly investigation and the resignation of senior officials following the disclosure of the state of the death. It had pressed for a statement from the president.

"President Chun must personally apologize to the people for this," Kim Young Sam, one of the New Korea Democratic Party's unofficial leaders, said Monday.

The opposition has frequently alleged that the South Korean police use torture against persons arrested on politically related charges. In all but a small number of cases, the government has labeled the charges false. The opposition has frequently called unsuccessfully for the resignation of members of Mr. Chun's cabinet.

Two interrogators, Lieutenant Cho Han Kyung, 42, and Sergeant Kang Chin Kyu, 30, were arrested and charged under a law involving special crimes, officials said. A police superintendent, Chun Suk Rin, also was relieved of his duties.

After the death became known last week, the police said Mr. Park died of shock. They formed a special committee to investigate the incident.

Amnesty International, the London-based human rights organization, said in a recent report that it knows of many credible reports of torture in South Korea but only two cases of officials being prosecuted for it.

PALME: 3 Men Questioned

(Continued from Page 1)

ly resented the Palme government for having failed to give asylum to one of their colleagues.

Mr. Zeime said charges would be brought against three persons detained Tuesday for complicity in the slaying of a Kurd at a convention hall in Stockholm in November 1985. The gunman in that killing was caught immediately and is serving a life sentence for murder.

The police said a person was being questioned on suspicion of illegal weapon dealings. The prosecutor and Mr. Holmer indicated that this suspect could have knowledge about the gun used to kill Mr. Palme, which has not been found.

Mr. Zeime stressed that the developments Tuesday did not mean there had been any significant advance in the investigation of the Palme case.

The public differences between Mr. Zeime and Mr. Holmer appeared to confirm persistent reports in the Swedish press of serious disagreement between the police and prosecutors on the case.

Mr. Holmer denied that there was acrimony, saying: "We have worked together for nine months and we have had good cooperation. But there is a tug-of-war between the police desire to test theories and the prosecutor's considerations in preparing a trial."

Mr. Zeime took over in May 1986 from K.G. Svensson, who resigned in a dispute with Mr. Holmer. Mr. Svensson's departure followed a disagreement involving a 33-year-old Swede who was arrested and released in March in connection with the investigation.

Mr. Holmer said the police were investigating other leads in addition to the theory that Kurdish extremists were involved.

European Parliament Elects a Conservative From U.K. as Leader

By Peter Maass

STRASBOURG, France — The European Parliament elected Sir Henry Plumb, a Conservative, as its new president on Tuesday.

Sir Henry, the first Briton to win the Parliament's presidency, defeated Enrique Barón Crespo, a Spanish Socialist, on a 241-236 vote in the third round of balloting. There were 16 invalid votes cast and 25 deputies failed to appear for the election.

Officials said the five-vote margin marked the closest victory in the Parliament's history. "It has been a nail-biting exercise," said Sir Henry, 61, a farmer. "But it was a very healthy and a very dignified campaign."

Sir Henry, chairman of the Parliament's Conservative group and former leader of Britain's National Farmers Union, was given an ovation by center-right deputies when the election result was announced. He succeeds Pierre Pflimlin, 79, a French Christian Democrat. Mr. Pflimlin chose to forgo a second term in favor of a younger man.

Sir Henry's victory followed a surprisingly hectic race for the presidency of the Parliament. He assumes the largely ceremonial post at the head of an institution that is frequently described as strong on symbolism but short on real power over European Community affairs.

The 518 deputies, elected to five-year terms by community voters, include Robert Herault, the conservative French publisher, and Alberto Moravia, the leftist Italian writer. There also are a smattering of big-name politicians, although most of the deputies are relatively unknown.

Sir Henry, the favorite, bounced back from a bad showing in the first round. He initially fell behind Mr. Barón after about 50 center-right deputies apparently cast their secret ballots for Marco Pannella, a member of Italian Radical Party.

But Mr. Barón failed to get an absolute majority, so voting continued. Sir Henry gained in the second round and achieved an absolute majority on the third try.

Many of those voting against Sir Henry, who speaks only English, believed he was not sufficiently European for the job, sources said. The dissidents also feared he was too close to Prime Minister Margaret Thatcher.

Mr. Barón, 42, was characterized as a young, energetic leader who represented "Europeanism." He speaks several languages, is close to



Sir Henry Plumb

Prime Minister Felipe Gonzalez, and was an opponent of Franco.

Although Mr. Barón enlisted strong support on the left, he failed to gain center-right backing. He apparently suffered from the fact that he has been in the European Parliament for little longer than a year and was appointed to his seat rather than elected.

Spain, which joined the EC with Portugal last year, has not yet organized elections for the European Parliament. They will be held later this year.

Coalition Falls In Dispute on Irish Budget

The Associated Press

DUBLIN — Prime Minister Garret FitzGerald's coalition cabinet collapsed Tuesday in a dispute over the budget, making general elections next month virtually certain.

The four cabinet ministers who resigned represent the Labor Party, the junior coalition partner of Mr. FitzGerald's Fine Gael party. They said they could not accept proposed budget cuts that would affect salaried workers and low-income families.

The deputy prime minister Richard Spring, one of the four who resigned, said that the cutbacks that would be required by Mr. FitzGerald's budget "are not just."

"They fail to spread the burden of our financial problems," he said. Finance Minister John Bruton was known to be demanding cutbacks of about \$450 million in social welfare spending. The budget has not been published.

Mr. FitzGerald nominated replacements for the four ministers. He said the foreign minister, Peter Barry, would replace Mr. Spring as deputy prime minister while retaining the foreign affairs portfolio.

The prime minister briefed President Patrick Hillery on the situation, but would not say what his next move would be.

The Labor Party's withdrawal dealt the final blow to Mr. FitzGerald's parliamentary majority, which for weeks had existed only on the technicality of a single vacant constituency.

Political analysts and most of Mr. FitzGerald's Fine Gael members of Parliament are expecting an election Feb. 19, nine months ahead of schedule.

Besides Mr. Spring, the others who resigned Tuesday were Liam Kavanagh, the tourism, fisheries and forestry minister; Barry Desmond, the health minister; and Ruairi Quinn, the labor minister.

The coalition's collapse had been expected for some time. Mr. FitzGerald was known to be planning to use the budget as his chief campaign issue against Charles J. Haughey, leader of Fianna Fail and a former prime minister, who has a strong lead in the polls.

The overriding issues in Ireland are the deficit economy, which widened to \$33 billion from \$19 billion under Mr. FitzGerald, and an unemployment level that is a record 18 percent.

Under Mr. FitzGerald, inflation dropped to 4 percent last year from more than 20 percent. However, Ireland's economy has shown no growth for five years.

GULF: Cities Attacked

(Continued from Page 1)

further forward than they were last Friday.

Another source with access to U.S. satellite information said the Iranian Army was still nine miles east of Basra and about two miles from the main Iraqi fortifications defending the port city at Abu Khazib.

But, this source said, the Iranian forces were making steady, if slow, progress in their march toward Basra. Speaking of the Iraqi forces, the source said, "Even if they stop the Iranians, they are going to have a hell of a time dislodging them."

The source said the Iraqis had built a formidable defense system to protect Basra at Abu Khazib, including a dirt wall, at some points 40 yards (about 35 meters) high, with extensive mine fields in front of it.

He said the Iraqis, now on the north side of the Shatt-al-Arab waterway and on a few islands in it, still had to get to the south side and then reach the road leading to Abu Khazib.

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Palestinian Clashes With Israelis on the West Bank

An Israeli soldier arrests a Palestinian in the West Bank town of Nablus on Tuesday. The youth allegedly threw stones at a member of the security detail guarding Defense Minister Yitzhak Rabin, who was meeting with the mayor of Nablus in the town hall at the time. Witnesses said the Israeli soldiers slapped the Palestinian around before taking him to the police station.

Bonn Links Kidnapping to Terrorist Case

By Robert J. McCartney

Washington Post Service

BONN — The government announced Tuesday that the kidnapping of a West German businessman in Beirut was linked to the case of a suspected Lebanese terrorist who is imprisoned in West Germany.

The West German press agency DPA and two other news organizations reported that the pro-Iranian, Shiite extremist group Hezbollah, or Party of God, was holding Rudolf Cordes, 53, a chemical company representative. Gunmen abducted him on Saturday.

The reports said that Hezbollah had demanded the release of Mohammed Ali Hamadei, 22, who has been held at an undisclosed location in West Germany since he was arrested Jan. 13 at the Frankfurt airport while carrying concealed explosive materials.

Mr. Hamadei is awaiting extradition to the United States to face charges of murder and air piracy for the hijacking in 1985 of a Trans World Airlines jet. The United States, which has pledged not to execute Mr. Hamadei if he is con-

victed, formally requested his extradition on Tuesday.

The government, which imposed a news blackout on the kidnapping, declined to comment on the reports by DPA, a Cologne newspaper and a Luxembourg television station. The chief government spokesman, Friedrich Ost, said that publicity could endanger Mr. Cordes's life.

But Mr. Ost, while declining to provide further details, said that the government has received information that indicates a link between Mr. Cordes's abduction and Mr. Hamadei's arrest. Mr. Hamadei previously has been identified as the brother of a senior security official of Hezbollah.

The government of Chancellor Helmut Kohl faces national elections on Sunday.

The Social Democrats, the principal opposition party, offered publicly to help the government in the case. But Social Democratic sources said privately that they opposed extraditing Mr. Hamadei to the United States.

■ Decision Due on Abdallah — The French justice authorities will decide on Jan. 28 whether to

put the suspected Lebanese guerrilla leader Georges Ibrahim Abdallah on trial for the murder in 1982 of Israeli and U.S. diplomats, court sources in Paris were quoted by Reuters as saying Tuesday.

Mr. Abdallah, believed by the police to head a terrorist group called the Lebanese Armed Revolutionary Faction, is charged with complicity in the shootings in Paris of a U.S. military attaché, Lieutenant Colonel Charles A. Ray, and an Israeli diplomat, Yaacov Baranmanov.

He also is accused of complicity in a failed attempt on the life of the U.S. consul-general in Strasbourg, Robert Onan Homme, in 1984.

■ Group Threatens Italy — A previously unknown group calling itself God's Partisans threatened Tuesday to initiate terrorist attacks against Italy for allegedly mistreating two jailed comrades, The Associated Press reported from Beirut.

In a typewritten statement delivered in Beirut, the group identified the two only as Saleh and Abdallah. It did not give their nationalities or the reason for their imprisonment.

comment. Sources in Beirut said the two were Abdullah Dousari and Saleh Ali Moazzay. The sources provided no further details about the two.

The statement, written in flawed Arabic, said the two were being held in the maximum-security Spoleto Prison in central Italy. It accused the prison warden of "mistreating our brethren" and called him "an animal."

Terry Waite, the Anglican church envoy, decided Tuesday to prolong his stay in Moslem-controlled West Beirut after face-to-face, late-night negotiations with kidnappers holding American hostages in Lebanon, sources close to him said.

Mr. Waite, the personal emissary of the archbishop of Canterbury, the Most Reverend Robert Runcie, had planned to take a midmorning flight back to London. But when he returned to his hotel from a meeting with representatives of Islamic Jihad, he canceled his departure arrangements, sources said.

"It looked like he has had a breakthrough," said a source, who asked not to be identified.



Deng Xiaoping, right, playing cards with Hu Yaobang, center, in a file photo. Mr. Hu, formerly a close Deng associate, was forced to resign as Communist Party leader.

CHINA: Door Is Open, Deng Asserts

(Continued from Page 1)

congresses attending the discussion said that a tendency to neglect, or release control of, the production of grain led to be reversed. They said that a shortage of grain would result in social chaos.

Their words seemed to echo those of Chen Yun, a prominent conservative Politburo member who argued in September 1985 that some peasants were only interested in engaging in rural industries and no longer wanted to grow grain.

■ Open Letter to U.S. — Douglas Martin of The New York Times reported from New York: As many as 1,000 Chinese nationals studying in American colleges and universities have endorsed an open letter to the leadership in Beijing voicing concern over the removal of Mr. Hu as the Communist Party leader and the disciplining of Chinese intellectuals.

"We feel that the ultra-leftist practice of labeling people arbitrary and finding faults with others has undermined the area of communication, culture and ideology," the letter says.

"We are concerned about the prospect of economic and political reforms in China. We fear the recurrence of the political situation of the Cultural Revolution, in which 'ruthless struggle and merciless criticism' were rampant."

Five Chinese students said in an interview in New York that the letter had been endorsed by 1,000 students from 51 colleges and universities and that 480 of them had allowed their names to be used. There are believed to be more than 10,000 Chinese nationals attending institutions of higher learning in the United States.

The five students declined to be quoted by name or to say where they were studying. They said that to be quoted in the Western press could be more dangerous for them and their families in China than to sign an open letter.

As a result, intelligence officials from several agencies were asked this month to investigate the matter.

Officials from several agencies said that by early last fall the Drug Enforcement Administration office in Guatemala had compiled convincing evidence that the contra military supply operation was smuggling cocaine and marijuana. The Guatemala office is responsible for El Salvador.

According to the officials, after dropping arms in El Salvador, rather than returning to the United

Sabotage Is Ruled Out In Death of Machel

Washington Post Service

JOHANNESBURG — A politically sensitive inquiry into the air crash that killed President Samora Machel of Mozambique began Tuesday with the counsel for the multinational investigating commission saying there was no evidence of sabotage or explosion. Investigators also discounted South African suggestions that the pilot or co-pilot of the Soviet Tupolev 134 twin-engine jet had traces of alcohol in their blood.

They said that the plane, which crashed in South Africa on Oct. 19 near the border with Mozambique, had tried to land at the Magato airport, about 30 miles (about 50 kilometers) away, in cloudy weather with an instrument landing system that was out of service. Thirty-four of 44 aboard died.

Renier Van Zyl, air safety director for the South African Department of Transport, said the Soviet pilot appeared to have been lost and said that he had "nowhere to go" before the impact.

The outcome of the inquiry, which is expected to take three weeks, is regarded as important because of allegations by leaders of some black African states that the aircraft was brought down by South African security forces either by missile or by electronically turning the crew off course.

Cedric E. Puckrin, counsel for the investigating board, said there was "no question of sabotage," and that evidence collected in a preliminary inquiry by experts from South Africa, Mozambique and the Soviet Union showed a "clear misunderstanding" between a traffic controller in Mozambique's capital and the aircraft radio operator.

With the instrument landing system not functioning, Maputo cleared the plane for a visual approach and the pilot remarked that "something was wrong." Mr. Van Zyl said. The aircraft's voice recorder, he said, showed that the navigator insisted the runway was unlit even though the tower confirmed it was lit.

After reporting cloudy conditions, according to Mr. Van Zyl, the pilot said: "No ILS," or instrument landing system, "No NDB," or nondirectional beacon, "and nowhere to go." The plane then hit a hill about 200 yards (about 180 meters) inside South Africa.

Many islanders think the waters around the Falklands have been drastically overfished by the huge factory ships and attendant trawlers, depriving penguins of their natural food.

Something Fishy Rocks Rookeries In the Falklands

Reviews

STANLEY, Falkland Islands — Something or someone is killing the penguins in the Falkland Islands, and two British scientists have been given the task of solving the mystery.

The British-ruled islands have one of the biggest penguin populations in the world. But last year about 5,000 birds died in just a few months.

Tests on 15 dead penguins flown to the Government Veterinary Investigation center in Norwich, in eastern England, failed to provide the answer.

Now, in an attempt to solve the mystery, two doctors, Ian Keymer and David Horsley, will spend a month among the penguins at the behest of the World Wildlife Fund and the Falkland Islands Foundation, a local preservation group.

Many islanders think the waters around the Falklands have been drastically overfished by the huge factory ships and attendant trawlers, depriving penguins of their natural food.

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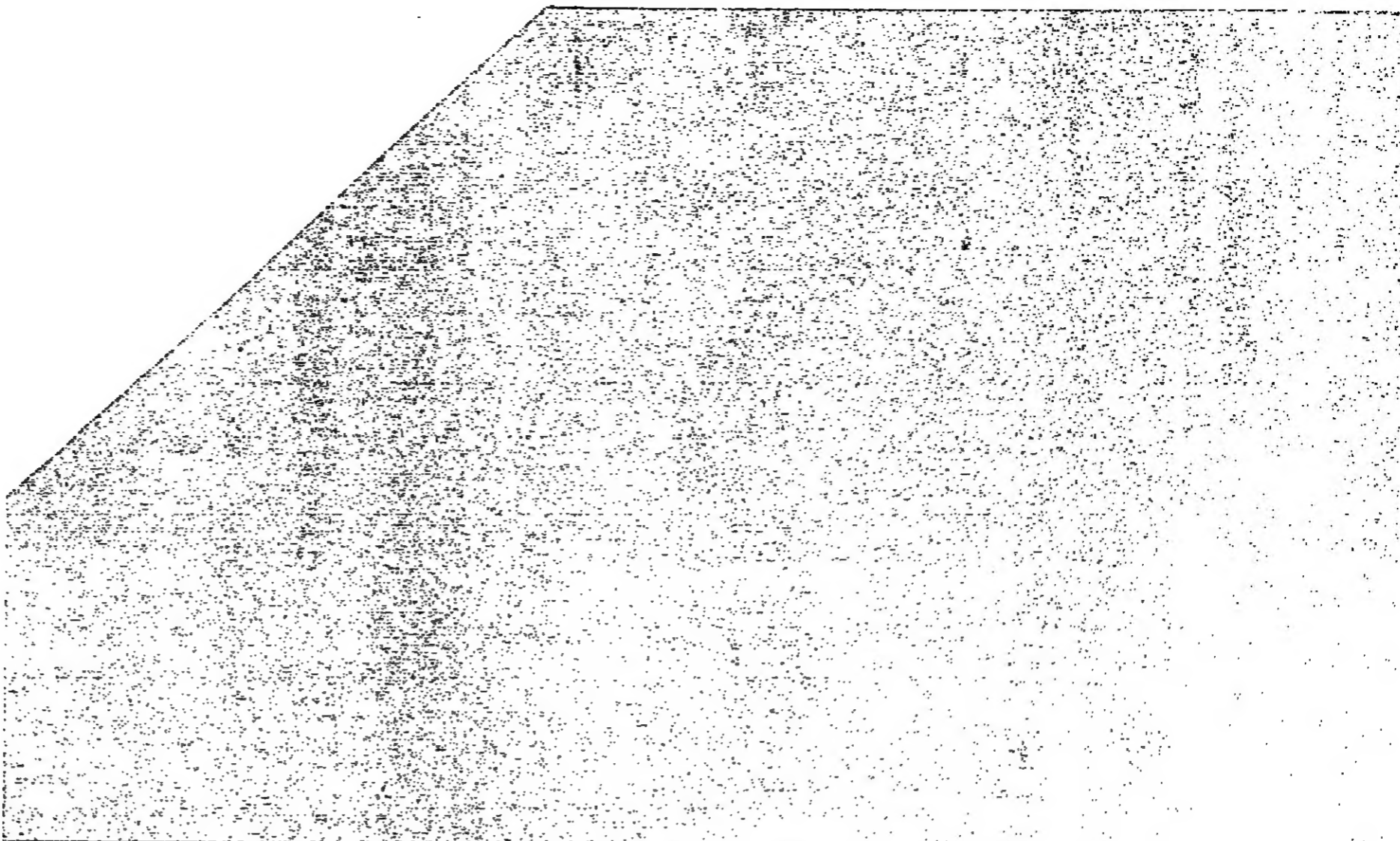
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On the 30th december 1986, the CGE and ITT Telecommunications, in association with the Société Générale de Belgique and Crédit Lyonnais, have decided to group all of their communications activities under the control of a common company based in the Netherlands: Alcatel.

The new group thus constituted immediately presents itself as a world leader in the field of communications. Alcatel, because of its technological capabilities, its financial base and expertise, has the necessary means for developing new technologies which will enable it to play a decisive role, on the world scale, in all future areas of communications.

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CGE AND ITT TELECOMMUNICATIONS: THE WORLDWIDE CONNECTION

Siguer Courrelle et associés

Ecuador General Rejects Coup; Congress Seeks To Remove President

By Joseph B. Treaster
New York Times Service

QUITO, Ecuador — A rebellious air force general who was freed from custody in exchange for President León Febres Cordero has said he would continue to oppose the president by peaceful means but would not participate in a coup attempt.

Lieutenant General Frank Vargas Pazos remained in hiding on Tuesday as the president's opponents in the National Congress prepared to begin a review of Mr. Febres Cordero's conduct that could lead to impeachment proceedings against him.

General Vargas dropped from sight over the weekend after the president was seized by commandos at an air base on Friday and held hostage for 12 hours.

On Monday, General Vargas, speaking to reporters in the living room of one of several houses in the port city of Guayaquil in which he said he has been hiding, denied any advance knowledge of the president's abduction.

He said he had gone underground because "the guarantees were not clear" that he and the insurgents would receive an amnesty promised them by the president.

Mr. Febres Cordero made the promise while he was a captive. While being held, he has since said, he was beaten and threatened with execution.

General Vargas said he planned to stay in hiding until the president officially declared that there would be no reprisals, and until judges formally dismissed the charges of insubordination for which he had originally been placed in detention on military bases.

On Monday, military court officials said that the insubordination charge had been dropped, but that a previously unpublished charge of bribery had been left standing.

In the interview, the general said he thought Mr. Febres Cordero should resign "so the country can live in peace."

Was he prepared to lead a coup? "No," General Vargas retorted. "I am a civilian man."

The general said he had been offered asylum in Venezuela, but planned to stay in Ecuador and run for president. "I think I have the capacity to do it," he said.

■ **Impeachment Threatened**
Tyler Bridges of The Washington Post reported from Quito.

A special session of Ecuador's Congress was called Tuesday to review Mr. Febres Cordero's conduct in office. Leftist opponents of the president, who have a majority in the unicameral legislature, said they would seek to impeach him if he does not resign.

The multiparty opposition controls 41 of the 71 seats in Congress, while Mr. Febres Cordero's coalition holds the other 30. The opposition needs six more votes to reach the two-thirds necessary first to impeach and then to remove the president.

The influential Quito newspaper El Comercio said events this week could provoke a "constitutional crisis." Archbishop Antonio González of Quito warned Congress on Monday that impeachment proceedings "could endanger peace and the constitutional order."

Opposition members have said Mr. Febres Cordero "disgraced" the "national honor" by allowing himself to be seized by air force commandos and then agreeing to release General Vargas.

The congressmen were quoted as saying Mr. Febres Cordero could have avoided the incident if he had not blocked an amnesty that Congress sought to grant General Vargas four months ago.

Political analysts say that leftists in Congress have seized on the incident to attempt to remove an opponent with whom they have fought bitter battles on issues of the economy, land reform and regional policy.

The president has also been accused of behaving like a dictator for ignoring laws passed by Congress and taking numerous actions by decree.

Some observers suggest that neither the president nor the military would abide by a congressional decision to remove Mr. Febres Cordero.

The president said on national television Monday that it was "a supreme irony that Congress had called an extraordinary session to analyze the conduct of the person who was kidnapped, the person who was the victim of a repugnant act."

Defense Minister Medardo Salazar Navas read a brief communique on national television Monday night saying the armed forces "reject the attempt of those who are trying to exploit unfortunate events to put on trial the actions of those who were offended instead of judging those who promoted and carried out this criminal attempt."

A White House spokesman, Albert R. Brashear, said on Friday that Mr. Abshire, along with the White House counsel, Peter J. Wallison, "are in the process of assembling what we have in our possession that would indicate what exactly transpired."

Mr. Brashear said Tuesday that Mr. Reagan had discussed his recollections of the Iran-contra affair with his chief of staff, Donald T. Regan, and Mr. Wallison to help construct an official chronology of related events, The Associated Press reported.

Mr. Brashear said he did not know the exact dates of the sessions or the specific questions discussed. He said Mr. Regan had spoken with the president "at some length toward the end of November."

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Aide Asserts Reagan Will Tell Inquiry About NSC

By Lou Cannon
and David Hoffman
Washington Post Service

WASHINGTON — David M. Abshire, the special White House counselor on the Iran arms affair, says that President Ronald Reagan will submit to questions from a special board investigating the National Security Council sometime after his State of the Union speech on Jan. 27.

Mr. Abshire denied on Monday reports by administration sources that Mr. Reagan had "refused" the board's request for an interview because of a change in its strategy in dealing with the Iran controversy.

The sources were reported Monday to have said that while Mr. Reagan would appear before the board, White House officials did not want him to answer questions about the affair until a fuller account of what had happened had been assembled.

Mr. Abshire disputed these sources' remarks. He said that Mr. Reagan had agreed when he created the board to be interviewed by it. It is "a matter of working out a mutually convenient time," Mr. Abshire said.

The chairman of the panel is former Senator John G. Tower, Republican of Texas. Mr. Tower, according to Mr. Abshire, "is very much looking forward" to the interview "sometime after the State of the Union" address.

The board is to investigate procedures of the White House National Security Council, under which the clandestine Iranian arms sales were conducted.

However, spokesmen for the board have said that to carry out the investigation, it must establish a chronology of the sales and the apparent diversion of some of the proceeds of the sales to the Nicaraguan rebels.

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A Look at \$1 Trillion And How Far It Goes

Commenting on President Ronald Reagan's \$1 trillion budget, Boyce Rensberger writes in The Washington Post: "A million seconds is a trifling 11 1/2 days. A billion seconds is a considerable 31 1/2 years. When the numbers go up to a trillion, however, the ability to comprehend on a human scale falls short. A trillion seconds is 31,700 years."

Or, "let's imagine that someone is going to make you a trillionaire simply by handing you a \$100 bill every second. In just one day you'd be a multimillionaire, with a little more than \$8.6 million to your name. But to amass \$1 trillion you would have to collect the money day and night every day of every week, weekends included, for 317 years."

Or, "If you picked \$1 trillion in the form of \$1 bills, into average-size, 50-foot-long boxes, you could get about \$63.5 million into each box. A train carrying \$1 trillion would have 15,743 boxcars and be 167 miles long, not counting all the locomotives you would need to pull it."

One trillion dollar bills "would reach 96.7 million miles, enough to go from the earth to the sun with about 3.7 million miles of dollar bills left over, or a little more than \$38 billion in change."

Short Takes

Mayor Raymond L. Flynn of Boston has threatened to have professional athletes arrested for assault if they indulge in "senseless violence" during games. The mayor, a sports fan, first voiced his concern after a hockey game in which the Montreal Canadiens defeated the Boston Bruins and much brawling occurred. Francis J. Costello, the mayor's press secretary, said: "We don't allow violence in a movie theater, public street or public building. A sports arena is no different."

The U.S. Air Force is cutting back on fighter plane units, officials say, although President Reagan plans to increase its budget from \$93.8 billion this year to \$100.4 billion in the 1988 fiscal year, beginning Oct. 1, and to \$107.2 billion in fiscal 1989. Officials say the cutback is unavoidable because nuclear weapons are consuming an ever-increasing share of the budget. The New York Times reports. The air force has given up its long-term goal of 40 tactical fighter wings and will cut back to 37 wings. At least one wing of several squadrons and at least two individual squadrons are scheduled to be disbanded.

Lovesick Moose Sheds Antlers and Desire
The desire that made a moose devote 76 days to courting a cow in a remote pasture in Shrewsbury, Vermont, apparently dropped off with his antlers. "Looks like he's hit the road," said Donald Gallus, a state game warden.

The 700-pound (320-kilogram) moose showed up at

AMERICAN TOPICS



GEORGE WALLACE RETIRES — George C. Wallace, the Alabama governor, performed his last official duty Monday, swearing in his son, George Wallace Jr., right, as state treasurer. Mr. Wallace retired from public life after serving four terms as governor. He first took office as a legislator in 1947 and ran four times for president.

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Israel Considers Recalling Journalist For His Reports on Iran Arms Affair

By Glenn Frankel
Washington Post Service

JERUSALEM — Israel's state-run radio is considering recalling its Washington correspondent following complaints from the prime minister's office and Foreign Ministry about his reporting on a confidential U.S. Senate report critical of what is alleged to have been Israel's role in the Iran arms affair.

For several days earlier this month, the correspondent, Shimon Shiffer, was one of only two Washington-based journalists to have seen the contents of the draft report by the Senate Select Committee on Intelligence.

He filed several dispatches for Israeli radio, quoting sections of the report, and appeared on U.S. television newscasts to describe its contents. Mr. Shiffer emphasized the report's contention that Israel had initiated the White House's secret arms-for-hostages exchange with Tehran and had pressed sides to President Ronald Reagan to keep the exchange going when they were losing confidence in it.

Ariela Ravid, a spokeswoman for the Israel Broadcasting Authority, confirmed that Mr. Shiffer was the subject of a review to determine whether he violated the authority's regulations by giving what she called unauthorized interviews about the report to the NBC and CBS networks.

Ms. Ravid said the inquiry began after the authority was informed by the Foreign Ministry that Mr. Shiffer had appeared on the two networks. She said the authority was reviewing tapes of the broadcasts to see if Mr. Shiffer gave opinions and commentary that violated the authority's code of conduct.

The spokeswoman said Mr. Shiffer had violated internal authority rules, a less serious offense, because he had not cleared his television appearances with his office. Mr. Shiffer could be reprimanded or recalled from Washington if the authority's directors decide he violated the code, she said.

Officials in Jerusalem said Mr. Shiffer's reports and activities against Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres, who have contended that Israel's role in the Iran affair was secondary and that Israel had not initiated contact with the United States in the matter.

A senior official, who asked not to be identified, called Mr. Shiffer's actions "a real disservice to Israel."

Both leaders have been concerned that Israel's special relationship with the United States could be damaged if Americans conclude that Israel misled the Reagan administration or pushed it into the Iran misadventure.

Mr. Shamir telephoned Uri Porat, director-general of the Israel Broadcasting Authority, to complain about Mr. Shiffer's network appearances, sources said. Soon after that, they said, the authority launched an internal disciplinary review of Mr. Shiffer, one of Israel's best-known journalists.

A spokesman for Mr. Shamir's office denied that the prime minister had requested that Mr. Shiffer be disciplined. The spokesman confirmed, however, that Mr. Shamir and Mr. Peres had expressed "dissatisfaction" about Mr. Shiffer's actions.

Neither Mr. Shiffer nor Mr. Porat could be reached for comment.

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U.S., Soviet Sharply Raise Number Of Weekly Arms Sessions in Geneva

By Thomas Netter
International Herald Tribune

GENEVA — U.S. and Soviet negotiators have agreed to increase sharply the number of meetings they hold each week in order to accelerate the Geneva arms talks, officials said Tuesday.

It is the first significant procedural change since the talks began in March 1985.

The three separate negotiating groups, covering medium- and long-range arms and space weapons, will depart from their past schedule of three weekly meetings, one for each group, the officials said.

A Soviet source said each group would now meet four times a week, for a total of at least 12 meetings. An American official would say only that the groups would meet "several" times a week.

In either case, the extra meetings will provide what a U.S. spokesman, Terry A. Shroeder, called "more meetings in an effort to quicken the pace."

However, Mr. Shroeder and other officials cautioned that substance rather than procedure remained the most important element of the talks. He said there was no formal decision to set a specific number of weekly meetings in a fixed schedule.

"There will be several meetings a week in all three negotiating groups," Mr. Shroeder said, "but it's premature to say there's some formal schedule."

The decision to increase the meetings during this seventh round of talks, which is expected to last six weeks, apparently stems from a meeting last week between the new chief Soviet negotiator, Yuri M. Vorontsov, and the chief American negotiator, Marc M. Kampelman.

Alexei A. Obukhov, the deputy Soviet negotiator, said last week that the two men had discussed "procedural matters" during their two-hour private meeting. At Mr. Vorontsov's request, that session dispensed with the traditional meeting of all six top Soviet and American negotiators.

Mr. Obukhov and other Soviet officials say the arrival of Mr. Vorontsov, the first deputy Soviet for-

sign minister, will give a new "impulse and dynamism" to the talks, which Soviet officials had described recently as stalled.

U.S. officials say they have made limited but

ARTS / LEISURE

Lully: A Triumphant Revival

By David Stevens

International Herald Tribune

PARIS — In the great early-music revival of the last two decades, particularly in the realm of 17th-century opera, there has been one conspicuous absentee — Jean-Baptiste Lully, because while Lully is considered the founder of French opera and one of the giants of Baroque opera in general, his operas have been considered too remote from a contemporary aesthetic to perform. For a good two centuries they virtually never have been.

How astonishing, then, that the Paris Opéra's production of Lully's *tragédie en musique* "Atys" — at the Salle Favart through Feb. 6 and on paper merely a tribute to the tricentenary of the composer's death — looks like being the smash hit of the Paris season.

The enthusiastic and prolonged audience reaction was not only a tribute to the imagination and meticulous care of all aspects of the production, but to the work itself. One could, although not within the purview of this report, draw a line from "Atys" through Rameau, to "Carmen" and "Pelléas" to show what French operatic style means. *Prima la musica e poi le parole*

(first the music and then the words) is the classic catch phrase for the Italian approach to opera, but the French way, which lost a lot of ground in the 18th and 19th centuries and has never really recovered, "Atys" should help restore the balance and encourage other stagings of Lully's major stage works.

Furthermore, "Atys" is startlingly modern — a story of an amorous triangle as hot-blooded as anything by Puccini, despite its classical-mythological-allegorical trappings. The goddess Cybele descends to earth on her feast day with eyes only for Atys, who loves and is loved by the nymph Sangaride, who is destined to marry the king, Celseus, of whom Atys is a friend and confidant. Clearly Atys is in a tight squeeze, with predictable results. The goddess, humanly enough, drives him mad. He kills his beloved, then himself, whereupon Cybele remorsefully transforms him into a pine tree.

All this takes place in a prologue and five acts, lasting almost four hours, with two intermissions. Things seem a bit slow by the end of Act I. But the story gathers momentum and variety, building to a

concentrated dramatic climax in the final act.

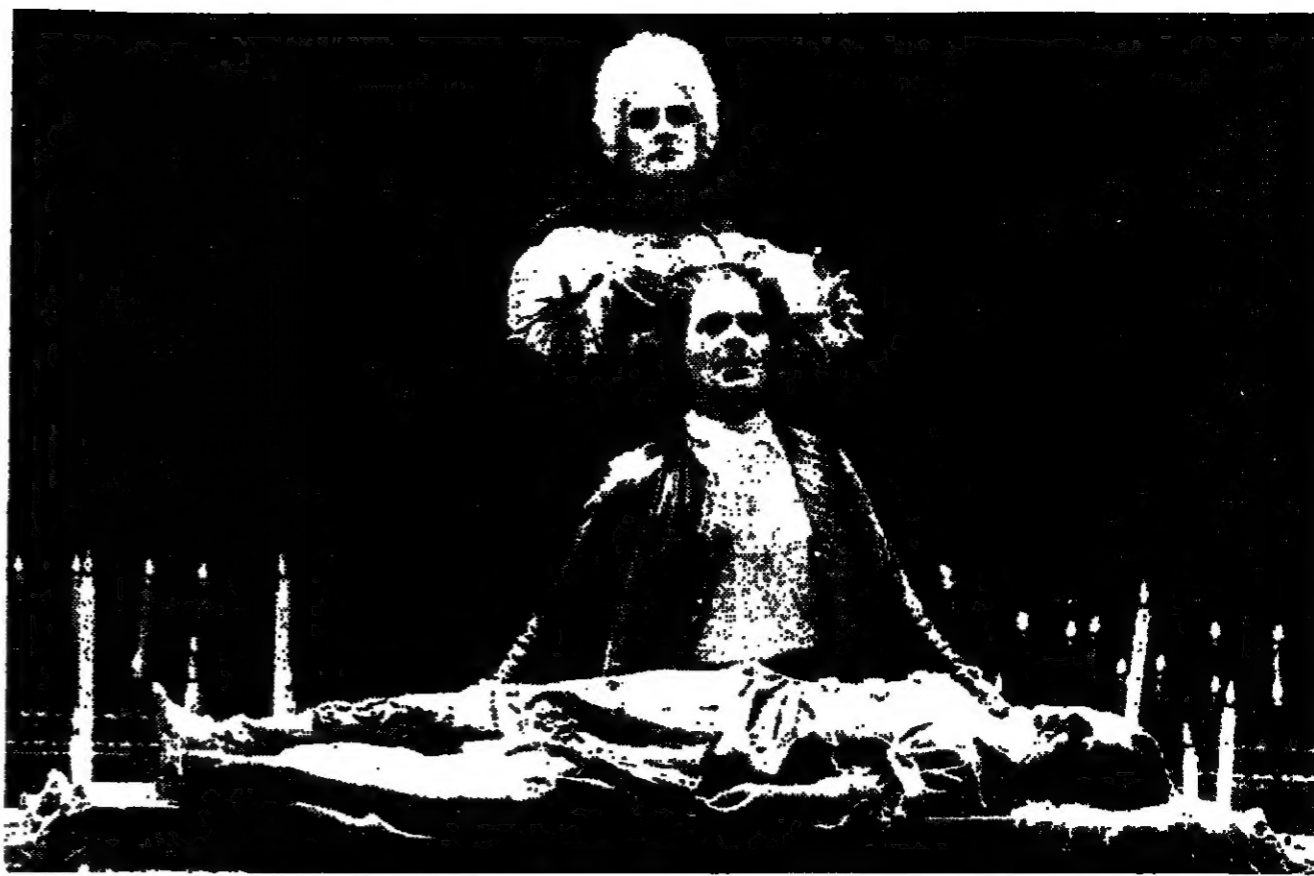
The story is exposed mainly in an emotionally intense recitative, declamation supported by a rich group of period continuo instruments, and the music proper enters principally to accompany the dance sequences. Philippe Quinault's compact and expressive libretto evokes Racine and other models from the spoken stage of the time, and Lully's music underlines the richness of the text.

It is not slighting to point out that this is not strictly a production by the Paris Opéra. The hero is William Christie, the 42-year-old American musicologist and early music specialist, and a professor in his specialty at the Paris Conservatoire. His instrumental and vocal group, Les Arts Florissants, the Baroque dance group Ris et Dancois headed by Francine Lancelot, and an international cast of vocal specialists in the solo parts have nothing to do with the Opéra's permanent troupe. Nonetheless, credit to the Opéra for reviving this work in optimum conditions. Christie, as the re-creator of this musical performance and as its fastidious conductor, was justly hailed by the

public. In effect, he has re-invented a musical style long lost and made it convincing and expressive.

Hardly less admirable were Jean-Marie Villégier's staging, Carlo Tommasi's sets and Patrice Cauchetier's costumes. No attempt was made to reproduce a Baroque theater of machines. Instead the unit set was inspired by the royal apartments at Versailles (the first performance of "Atys" was in 1676 at Saint-Germain-en-Laye), and the costumes were those of the Sun King's court. And Villégier was ingenious in finding methods to express allegorical scenes in concrete ways and in giving the leisurely musical time with telling action.

At the second performance Saturday, Guy de Mey was the excellent Atys, sweet voiced and manly in comportment; Jennifer Smith was the Cybele, of restrained but smoldering emotion; and Agnès Mellon a touching Sangaride. The rest of the large cast sustained the general high level of performance and stylistic unity. (The principal roles are double cast, with Howard Crook and Ann Mooney alternating as Atys and Sangaride, but reliable witnesses report little to choose between the two casts.)



"Atys" at the Paris Opéra: a hot-blooded amorous triangle.

Cheek by Jowl With Shakespeare

By Robert Cushman

LONDON — The history of the English theater is the history of its Shakespeare productions. At the moment the Royal Shakespeare Company, which does most of them, is becoming, turning out elaborate but superficial stagings. Meantime the way is open for alternative approaches.

There are two ways that Shakespeare might go. A meticulous, restrained production with the accent on the language — a sort of super-Royal Court style should sit well on large public stages. Or so the National Theatre's "King Lear" suggests. Complementing that is a small-scale method, explored by some fringe groups, one of whom, known as Cheek by Jowl, has opened a season at the Donmar Warehouse with "Twelfth Night."

This is an outrageous production. Costumes are contemporary pop, the setting is indeterminate and the characters, an international conglomerate, mostly speak standard English but Sir Andrew is a dimwit from Dallas (or from "Dallas") and Maria a broad from the Bronx. Scenes are transposed, a major character omitted, and songs interpolated. Antonio, the homosexual sea-captain, is brought emphatically out of the closet. He certainly makes a point when he kisses the embarrassed Sebastian, but he doesn't have to make it quite so often. The Clown and Andrew have gone intermittently gay as well, and at the end Duke Orsino, proposing to Viola, finds himself embracing her male twin instead.

That gets a very big laugh. But it also nails down the perennially narcissistic and fantasizing duke, and does

it through a farcical device that Shakespeare has left lying about, and that certainly fits the play's sexual ambiguity. This production may sometimes try too hard, it may be too complacent about the fact that its actors, in fringe tradition, can all play musical instruments, but it frequently hits the play right on the nose.

Its piece de résistance is the drinking scene, which climaxes in a raucously competitive rendition of "My Way." That, obviously, is not in the text but it illuminates what is: the hysterical joylessness of titled drunks trying to assert their superiority over the rest of the world and over each other. It is a riot, and so it gives a perfect cue to the killjoy Malvolio. Even critics who hate the production have raved over Hugh Ross's Malvolio, but it's no good pretending that he exists independently of the rest of the show. He is rooted in it, from his prim days of prosperity in a three-piece suit through his hilarious excursion into yellow stockings (and, in this version, scoutmaster's shorts), to his savagely mocked madness. At the end, apparently the obsequious steward again, he makes his threat of revenge quietly, just to us: a chilling stroke of genius. His reality is almost matched by Melinda McCraw's Maria trapping Sir Toby into a desperate marriage, and herself with him.

THE LONDON STAGE

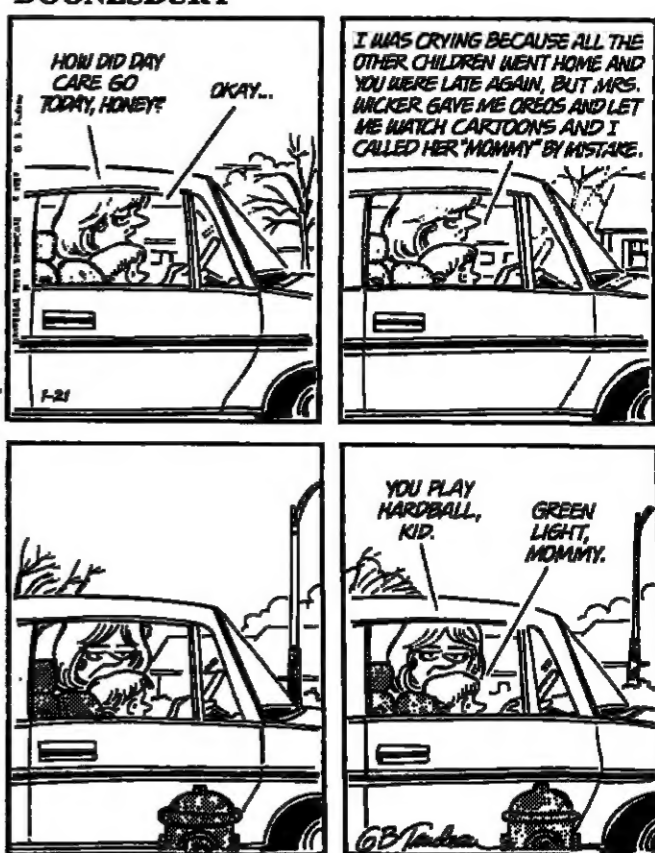
The lovers are less convincing than the clowns. Shakespeare depends finally on his words, and inexperienced actors find comic prose easier than lyrical verse. And the production needs its small stage. On a large one its charm would wither and its tricks appear presumptuous. But it knows what it is about. Three elements — a lute, a clock, a wheel — dominate Nick Ormerod's creamy set music. Time and the sea are the authentic Shakespearean themes. Ormerod founded Cheek by Jowl with the director Declan Donnellan: clearly one of the brightest new talents in the theater.

There is a recurring strain of literary whimsical comedy that might be called historical-fantastic. Christopher Fry wrote it in the 1940s, Tom Stoppard in the '60s, and John Clifford revives it for the '80s in "Losing Venice" at the Almeida. Writing about an imaginary Spanish duke dispatched to Italy on a military mission by a wife and a monarch who hold him in equal contempt, Clifford explores the idea of war as a virility-substitute. Like his predecessors he is on the side of humanity. Like them he is worst when philosophizing about it, best when cute and funny. His idea of the dog and his lady as a honey old Scots couple doing their best is a scream, perfectly acted in a production that appropriately originated two Edinburgh festivals ago.

"Journeys Among the Dead" is the aged Eugene Ionesco wrestling with his family ghosts: fragile and elongated but with a self-regarding intensity about it. It has been brought to Riverside Studios by a company of ex-students, and a student production — of the most earnestly uninspired kind — is what it looks and sounds like.

Robert Cushman is a London-based theater critic and broadcaster.

DOONESBURY



"Twelfth Night": An outrageous staging.

General News

Soviet Mission to South Pacific Is Likely

By Michael Richardson

International Herald Tribune

SINGAPORE — The Soviet Union, seeking better relations with non-Communist countries in Southeast Asia and the South Pacific, is planning to send Foreign Minister Eduard A. Shevardnadze on a tour of the region, according to various official sources.

Such a visit would be the most significant indication yet of Moscow's eagerness to expand economic and political relations with the region. But although governments in the region are generally receptive to the idea of a visit by Mr. Shevardnadze, they agree that little progress can be expected as long as the Cambodian conflict remains unresolved.

Various official sources say that Mr. Shevardnadze is likely to visit Indonesia and Australia and possibly New Zealand, the Philippines and Vietnam.

A Foreign Ministry spokesman in Cambodia said Tuesday that talks on the possibility of an early visit were being held with Moscow. The spokesman said it would be the first trip to Australia by a Soviet foreign minister.

Mochtar Kusumastudjaja, the foreign minister of Indonesia, said

that he had invited Mr. Shevardnadze, but that no firm arrangements for a visit had yet been made.

Soviet diplomatic sources said Monday that visits to Indonesia, Australia and perhaps other countries, including Vietnam, were being planned and might take place between March and May.

In the last few months, Soviet officials have announced a series of initiatives intended to pave the way for expanded economic ties and improved political links with Southeast Asia and the South Pacific.

Western diplomats and other analysts said these steps were part of a wider diplomatic offensive that included efforts to upgrade relations with China and Japan.

Fyodor I. Potapenko, the Soviet ambassador to Malaysia, said at a press conference in Kuala Lumpur last week that the Soviet Union wanted to join the United States, Japan, the European Community, Canada, Australia and New Zealand in high-level annual meetings with ASEAN, the Association of South East Asian Nations.

ASEAN is an organization for nonmilitary cooperation linking Brunei, Indonesia, Malaysia, the

Philippines, Singapore and Thailand.

In a newspaper interview published Friday, Valentin P. Kasatkin, the Soviet ambassador to Thailand, called for renewed attempts to negotiate an end to the Cambodian conflict.

The analysts said that the Kremlin leadership under Mikhail S. Gorbachev wanted the Soviet Union to play a bigger role in economic activities of the Asia-Pacific area, where growth rates have been among the highest in the world.

They said Moscow also wanted to gain political acceptability and influence with the majority of non-socialist states in the region.

But Moscow continues to find its quest for closer political ties with ASEAN blocked by its extensive military aid and diplomatic support for Vietnam's military presence in Cambodia.

ASEAN officials describe the Cambodian conflict as the main source of tension in the region and claim that the conflict would end if Moscow used its influence with Hanoi to bring about a negotiated settlement.

Interviewed in Singapore on Tuesday, Mr. Mochtar said there was no evidence that the Soviet Union had made "constructive,

positive efforts toward a solution" of the Cambodian problem that was acceptable to all parties concerned, including the Cambodian resistance.

Soviet diplomats said that a senior Soviet emissary to Beijing had passed a message to China from Vietnam late last year, saying that Hanoi was willing to open bilateral talks on Cambodia and other issues. The source said this message had Soviet encouragement and support.

However, China rejected the overture. Wen Wei Po, a pro-Beijing newspaper in Hong Kong, quoted Wu Xueqian, China's foreign minister, last week as saying that Vietnam must first withdraw its forces from Cambodia.

The Soviet diplomats said that Moscow believed Hanoi had offered reasonable proposals for a negotiated settlement of the Cambodian problem.

They said the Soviet Union would not put pressure on Vietnam to make further concessions by threatening to withhold aid. Vietnam and the Soviet Union signed a 25-year treaty of friendship and cooperation shortly before Hanoi sent its forces into Cambodia in December 1978 to overthrow the Khmer Rouge government, an ally of Beijing.

Stability Is Watchword In Indonesian Elections

Reuters

JAKARTA — President Suharto of Indonesia is orchestrating a somber buildup to national elections in April and maintaining a tight grip on unofficial campaigning to avoid unrest.

The 65-year-old retired army general, who has ruled here for 20 years, introduced earlier this month one of the toughest budgets in a decade, slashing spending and calling for austerity all around.

The budget, announced on the same day as the list of candidates for the April 23 voting, makes no electoral concessions, with spending on schools, hospitals, mosques and the military all cut sharply.

It reflects Mr. Suharto's determination to get the economy, severely hit by last year's slump in world oil prices, back on a sound footing. It also reflects the reality that he needs no gimmicks to woo voters, according to bankers and economists.

Indonesian and foreign analysts say they believe that his ruling Golkar Party is assured of at least 70 percent of the vote.

They see the election more as a means of forging a consensus in a country of about 170 million people than of choosing a government. But the Suharto administration is leaving nothing to chance.

It has limited official campaigning from March 24 to April 17, screened candidates and their speeches, and ordered the army of 280,000 to be on the alert.

Despite the ban on formal campaigning, the three legal political parties campaigning for 400 of the 500 seats in the legislature have started to jockey for position.

Mr. Suharto has carefully laid the groundwork for what he hopes will be an election free from ideological debate. All political, social and religious groups are compelled by law to subscribe to the state ideology, *Pancasila*.

The five principles of *Pancasila* — belief in one God, humanitarianism, national unity, democracy by consensus, and social justice — form the cornerstone of Mr. Suharto's rule.

His campaign for ideological uniformity is widely seen as a move



Suharto

to prevent Indonesia, the world's largest nation of Moslems, from becoming an Islamic state.

Roeslan Abdulgani, a former foreign minister, said that over the past few years there had been a "silent revolution of rising demands" in Indonesia for better education, housing, health and jobs.

"Failure to meet these demands might cause these socioeconomic pressures to explode in various forms," he said.

Suicide Is Called Cause of Death of Singapore Official

International Herald Tribune

SINGAPORE — A senior government minister who died last year took an overdose of sleeping pills while under investigation for corruption, a coroner's court was told Tuesday.

A government pathologist, Chao Tzee Cheng, told the court that the minister, Teh Cheang Wan, 58, died of an overdose of barbiturates.

Mr. Teh, minister for national development since 1979, was found dead in his bed on Dec. 14.

Witnesses told the court that Mr. Teh was under investigation by the Corrupt Practices Investigation Bureau, a government agency, over allegations that he received 800,000 Singapore dollars (\$375,000) in bribes from land developers in 1981 and 1982.

In a letter written to Prime Minister Lee by Mr. Teh just before his death, he said he felt responsible for "the unfortunate incident." In the letter, read to the court, Mr. Teh added, "As an honorable Oriental gentleman, I feel it is only right that I should pay the highest penalty for my mistake."

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Policy Change in Bonn?

Elections often bring promises of changed economic policy, but not so in West Germany as Sunday's voting approaches. Is this good for West Germany and the world? Is the Federal Republic's policy correct, given the disorder on the exchange markets? Last Sept. 15 in this space we favored giving Bonn the benefit of the doubt, to see if the expansionary visions of Helmut Kohl's government bore fruit. Now the room for doubt has shrunk. Mr. Kohl naturally accentuates the positive, but independent West German analysts are less sure.

The balance of the argument rests, unfortunately, with the pessimists. Domestic demand is not rising enough to offset the depressive effects of falling exports, which is why the flight from the dollar is concentrated so heavily on the mark.

Folk memories are long, and the wild inflation that helped Hitler to power is not forgotten. As the French say, a scalded cat fears even cold water. The electorate is still suspicious of policies that could even remotely rekindle inflation. And when a country has prospered so long on an export basis, it is hard for policy makers to see how far they need to change course if the export boom fades.

But policy will have to change if domestic demand is to replace exports as the economy's driving force. The alternative is recession at home and, since West Germany's is a dominant economy, throughout the world. Not that world prosperity depends on the Federal Republic alone. But it is hard to dispute the claim of so many outside observers that European

recovery cannot be started without West German leadership. As in the family bed, nobody can turn till Father does.

Washington calls for lower German interest rates to encourage capital spending in the Federal Republic and a general fall in the cost of money around the world. The Bundesbank has resisted, because the money supply is growing faster than planned. Whether the recent monetary growth endangers West German price stability is very doubtful, but the central bank is independent of the government and should remain so.

What the federal government can do is ease budgetary conditions — moving gently in the opposite direction from Washington — at least by bringing forward into 1987 the tax cuts already scheduled for 1988. As elections approach, most countries would already have supposed that option. The fact that West Germany has not may say something about Bonn's difficult relationship with its local governments, which stand to lose revenues. It probably says more about the country's comparative freedom from inflation for so many years. But prudence can decline into fetishism.

It is encouraging to hear the economics minister, Martin Bangemann, and his predecessor, Otto Lambsdorff, concede that next year's tax cuts might need to be anticipated. But that is not a promise — and the strength of Mr. Bangemann and his small Free Democratic Party after the elections remains to be seen.

INTERNATIONAL HERALD TRIBUNE.

Down Goes the Dollar

Concerning the dollar, the week got off to a dismaying start. The exchange rate fell sharply again Monday on the world's markets. While the dollar's present value against Japan's yen and West Germany's mark is not significantly out of line with its actual purchasing value, the question is whether the three governments will, or can, control this extremely rapid fall.

The Reagan administration was right to welcome and encourage this decline as long as the dollar was overvalued. But that is no longer the case — and yet the administration continues to push the dollar lower. It is trying to stave off protectionist legislation in Congress, and it is coming on a low dollar to help American exports and hold down imports. That is exactly what will happen in the short run, but the relief that devaluation promises is very temporary.

Americans need to keep in mind the British experience over the past quarter of a century. The point of the story is that when a country's internal economy is out of balance and performing poorly, dropping the exchange rate is not a cure. Successive British governments tried to spend more on their people than their slow-moving economy could afford, and the consequence was a series of foreign exchange crises.

In the mid-1960s a Labor government tried to hold off imports with a 15 percent tax on them — an idea that seems to be popular currently in Congress. But it did

not work in Britain and would not work in the United States. After further runs on the pound, Britain turned to devaluation.

In Washington there is a common impression that devaluation creates jobs, particularly in manufacturing industries, most of which either export or have to compete with imports. But while the pound fell from \$2.80 to the dollar 20 years ago to \$1.52 this week, employment in British manufacturing has dropped by one third.

The United States has got itself into a bad spot. No government has reliable control over the exchange rates. The flows of private money are too large for that. The dollar's descent in the last two years has been gradual and steady because most foreign investors thought the descent would be limited. Now they have begun to fear that the Americans, like the British earlier, are resorting to devaluation to avoid unpopular internal decisions, starting with serious and sustained reduction of the federal budget deficit. If foreign investors become wary of the dollar, it could fall fast and far. The result, far from a renaissance in manufacturing industry, would be rising inflation, high interest rates and probably a recession.

Whether that happens now depends mainly on the world's investors and money managers, as they decide whether it is wise to send more of the world's wealth to America or, instead, perhaps, to send it to Frankfurt.

— THE WASHINGTON POST.

A Gun at Ecuador's Head

These have not been democracy's finest days in Ecuador. On Friday, air force commandos seized President León Febres Cordero at gunpoint, holding him until he secured the release of an air force general imprisoned for attempted coup-making.

Now the newly released president is threatened with impeachment for infractions against the constitution and the national honor. Old-fashioned machismo reigns supreme all around. Another new democracy is shown to be just one step ahead of traditional military meddling.

Like its neighbors, Ecuador knows that tradition well, and not just in politics. Ecuador's armed forces have played an important role in the country's economic development. Recent military regimes advanced overdue land reform and promoted development of petroleum resources.

The juntas of the 1970s espoused a moderate leftism, spiced with a populist preference for rapid development. They turned back power to civilians voluntarily, and

perhaps, in the thinking of some officers, reserved a right to intervene yet again.

In 1984, Mr. Febres Cordero, a flamboyant conservative millionaire and apostle of austerity, won a narrow election. For much of his term, opposition parties have controlled the congress. Legislative provocations and executive high-handedness have fed on each other, escalating dangerously. The opposition has the votes to impeach him, but probably not enough to convict.

Washington and Latin democracies rightly express outrage at Mr. Febres Cordero's kidnapping. Democracy's progress in South America is too important to all concerned to subject it to such hot-headed power plays. It will not be more than temporary secure until civilians learn how to take over not just the formal machinery of government, but also the responsibility for economic and political development that Latin militaries have long asserted as the natural basis for their political role.

— THE NEW YORK TIMES.

Other Comment

Beijing Hits the Brake

The Chinese leadership has now amplified its reasons for abruptly seeking Hu Yaobang from the top party post. According to his acting successor as party general secretary he had, quite simply, sought to push the pace of political reform too fast.

The catalogue of other errors includes his flirtation with "bourgeois liberalism," for which read Western modes of political behavior, and his relaxed attitude to the student demonstrations. But these are all subsumed in the main charge and they pose the eternal problems of a static regime which tries to reform itself: What is the correct pace, and are not the arguments about it really about whether reforms

should be taken any further at all? The conflict in the Politburo has been going on for some time. It was the students who brought it to a head, and the man alleged to have goaded them on, Fang Lizhi, has been dismissed from the party. Other "intellectuals" are under a cloud. The pace has thus been well and truly checked. Have the reforms themselves?

The leadership says not — not at any rate those which have introduced a freer economy and have proved so universally popular. The tricky part is, though, that the freedoms are not always divisible. How shall people be encouraged to think for themselves in doing their jobs, yet still bow to the authority of the party on politics and ideology?

— The Guardian (London).

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OPINION

In China, as Elsewhere, People Are Born With Rights

By Fang Lizhi

This is the second of two articles from a lecture given at Jiaotong University in November. Mr. Fang is a former vice president at the University of Science and Technology in Hefei. His expulsion from the Communist Party was announced on Monday.

cy in a real sense. It is relaxation of control.

Only by striving can we get what we really need. Because of the extremely long history of feudal society in China, plus the wide spread of feudal ideas as a result of the Cultural Revolution, there have emerged many erroneous ideas. Take for instance the relationship between us and government. It is not so much what the government has given us, as it is we who have maintained the government.

The first issue that needs to be clarified is: Who provides whom? Students are told that they should study hard and value the opportunity that the party has granted them. But to say that the right to education is granted by the leadership is a feudalistic viewpoint. In appearance everything seems to have been granted by the government; in reality, it is not the case. From an economic point of view, every citizen pays taxes. And these taxes include the expenses for education. So the opportunity of education is not "granted."

In developed countries the concept is that citizens are taxpayers to maintain the government. In return, the government uses the taxes to manage things in the interest of citizens. Out of this relationship, the psycho-

logical feelings of the taxpayers are that it is the citizens who maintain the government.

The government can survive only by levying taxes. As a result, the government must serve the citizens. It is not so much whether citizens are permitted to be educated as it is the government that has the responsibility to run schools for citizens. So, too, in China. Every one of us has paid our taxes.

The decisive factor in determining the stability of peoples' lives and the development of the society lies in whether the intellectuals as a group have the awareness of democracy and of themselves to conscientiously strive for their rights. It would be tragic if we did not have this awareness and simply waited for the leadership for their determination.

When I was abroad, I often explained to foreign friends the tragic experience of Chinese intellectuals during the Cultural Revolution. The doors of universities were closed and intellectuals were deprived of rights. These friends then expressed their sympathy, but they were a little contemptuous of Chinese intellectuals, asking me: Why did you fail to express your will? Why didn't you

demonstrate that you were against, not for, the Cultural Revolution?

During the 1950s, idealism prevailed among Chinese intellectuals. That was valuable. But that generation was strongly influenced by the doctrine of obedience. No matter how they were treated, they would work hard without protest.

This attitude is not conducive to our society. One should strive for what is one's own. It is time that we changed the characteristics of the intellectuals of the 1950s.

Were China to have another Cultural Revolution, I hope that we would not become the object of sympathy and then be asked: Why have you put yourself in this dilemma again? It would be tragic if China were to repeat this cycle. The intellectuals should demonstrate the strength they possess.

As long as one has the awareness and speaks out in criticism, the effects will be greatly felt. People have been deeply impressed by this awareness since the latest episode of 1985. Wasn't it true that a small section would lead to strong reaction nationwide? This proves that we have strength. But the question remains whether you dare to use it. As long as every one of us realizes that the government should give us democracy, not grant us democracy, China will be able to transform the feudalistic ideas and gradually approach modern standards in thinking.

The Washington Post.

For the Sake of Peace, Maputo Merits Support

By Flora Lewis

MAPUTO, Mozambique — A senior Mozambican official answered the general question about his country's direction with a wry smile. "What you in the West used to say about us was never quite right," he said, "and what you're saying now isn't quite right either."

The implication was that despite appearances, Mozambique did not really plunge into the Soviet sphere and model itself after the Russians when it gained independence from Portugal in 1975, and that it has not totally flip-flopped now. But there have been changes — toward an easier opening to the West, much-needed but painful economic reforms, and a desperate struggle for survival in a dangerous neighborhood.

This sprawling country of 14 million, stretched along the east coast of Africa from the South African border to Tanzania, is another example of the complex forces at play in the area and the folly of snap judgments in distant Washington. The Mozambicans' prime concerns, as in most of Africa, are to maintain independence, create a nation within the borders inherited from the colonial past, and mobilize an untrained, hungry population to work for development.

The charismatic leader, President Samora Machel, died with many of his cabinet members in the crash of his plane in South Africa last year. Whatever the investigators finally report, many people here will never stop suspecting a plot. But the succession has gone remarkably smoothly, and all indications are that President Joaquim Chissano, formerly foreign minister, is determined to carry on Mr. Machel's latter-day policies of reform and search for balance.

Mr. Chissano is a trim, slight man with a jutting little beard. He looks younger than his 47 years, but he speaks with a quiet humor, a firm sense of practicality and a grasp of international as well as regional issues. This gives him an air of well-established authority.

He likes to talk to visitors on the tree-shaded lawn of what was once the Portuguese governor's palace, explaining that is why it is now called the "presidential palace" with neither embarrassment nor pomp. Nearly 12 years after independence his country is still at war, but now his Frelimo movement, which won the guerrilla war, runs a government fighting guerrillas backed by South Africa.

The guerrillas call themselves Renamo, the National Resistance Movement. They have disrupted an already devastated economy though they do not seem able to control territory, only to increase the economic dependence of Mozambique and its landlocked neighbors on South Africa.

Mr. Machel sought to reduce the threat to the U.S.-brokered Nkomati Agreement of March 1984, in which Mozambique promised to stop the use of its territory for African National Congress attacks against South Africa, in return for a pledge from Pretoria to stop helping Renamo.

It is now evident that South Africa did not stop. One proof is that while Renamo claims that its equipment is all captured from government forces, it has much better communications and, apparently, transport facilities than the government ever had.

But Mr. Chissano says he will continue to respect Nkomati, partly because it makes clear "the source of the conflict in southern Africa," partly because he considers that it still deters the South Africans from open aggression with their own forces, as they have done in Angola to the west.

Meanwhile, in an ironic reversal of tactics, the government is trying to learn what it can about putting down guerrillas from those with experience — the Portuguese, the British, the French, even the United States, though the U.S. Congress has refused the logistical, noncombat aid that the Mozambicans need.

The weapons come from the Russians and their allies, and of course Mozambique is glad to accept. But that has not tied the Mozambicans to Moscow, after all, and ideology is being diluted now. Top officials talk openly of "mistakes" made by the regime when it set



out to organize a country stripped of economic and administrative structures, and of "the disease of radicalism which affects young revolutions." The impression is that the changes are being made because of recognized internal need, not to please or impress anybody outside, East or West.

It is almost impossible to exaggerate the problems here, compounded by the terrible drought of 1981-84. But the efforts to make the country work for its own sake, and in cooperation with the region, deserve attention. South Africa is trying to pull it down "posing as policeman of the region," as Mr. Chissano says. Mozambique merits support for the sake of the "peace and interdependence" that is his goal for southern Africa.

The New York Times.

Should It Be Iran-Contra-Angola-Gate?

INVESTIGATORS into the Iran-contra affair may find an African connection. Some profits from the arms sales to Iran may have gone to the rebels of the National Union for the Total Independence of Angola, led by Jonas Savimbi. He obtained \$15 million in military aid during a U.S. visit a year ago. This, along with South African support, has enabled him to keep fighting Angola's Marxist government. But he may also have had secret U.S. aid.

Congressional committees are investigating a fund for Afghan rebels said to contain \$500 million in a Swiss bank account. Government sources indicate that this fund may also have been used to support UNITA. If any of this money was sent to UNITA before August 1985, such aid would have broken the law. That is when Congress repealed the Clark Amendment, which, since 1976, had barred aid, overt or covert, to Angola's warring factions.

Illegal aid may have been delivered to Mr. Savimbi by a U.S. airline that flew to and within Angola hundreds of times before August 1985 — Southern Air Transport, which also carried out supply missions to the Contras. Southern Air apparently has been uniquely able to fly into areas of Angola where UNITA operates. If the planes brought aid to Mr. Savimbi's forces before repeal of the Clark Amendment, it would be a serious breach of law.

— Sanford J. Ungar and Arnold Kohan, in The New York Times.

Liberia Through Rose-Tinted Glasses

SECRETARY of State George Shultz praised the brutal regime in Liberia during a visit there this month. The government of President Samuel Doe, he said, is making "genuine progress" toward democracy. "There has been a return to a government produced out of an election, and there is freedom of the press."

That is a gross distortion. Almost from the moment President Doe seized power in 1980, his soldiers have been a law unto themselves, responsible for looting, arson, flogging and arbitrary arrests. Witnesses have described horrific brutality, including castration and disembowelment of suspected rebels.

Perhaps Mr. Shultz wished to encourage a friendly country where the United States has a huge investment. Unfortunately, he chose to highlight three areas in which Liberia has an especially egregious record.

He said the 1985 election was "quite open" and the "only question" was about "the vote counting process." The election was judged fraudulent by nearly all independent observers. Two opposition parties were barred from participating, and prominent opposition leaders were jailed. A military edict effectively outlawed criticism of the government.

Mr. Shultz's assertion that there is a free press is bewildering. Journalists have been among the most frequent victims of President Doe. Under martial law, journalists were arrested, jailed without charge and physically abused. A new constitution has brought little improvement. In November 1985, a broadcast journalist, Charles Ghemany, was bayoneted to death while in the custody of the executive mansion guard.

Secretary Shultz lauded "genuine progress" toward democracy. In fact, official actions have suppressed political dissent. Opposition parties have been barred, at gunpoint, from staging public rallies.

Mr. Shultz's remarks undermine U.S. interests by casting America as an apologist for an unpopular regime. A year ago, both houses of Congress passed nonbinding resolutions calling for a suspension of aid until free elections are held. Now may be the time for Congress to make those resolutions binding.

— Michael Posner, executive director of the Lawyers' Committee for Human Rights, in The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: The Market Week

NEW YORK — The unusual easiness of money was responsible for the sharp rise at the close of the market week. The bond market has been particularly good. It is significant in showing the state of business that with the Steel Corporation working practically every available unit and being paid for prompt deliveries for the first time since 1907. Specifications against existing contracts are in excess of 70,000 tons daily. The outlook in the West is improving. Wheat. Conditions in the South are unsettled, bad weather and bad roads are holding up deliveries of cotton. Action of the new tobacco shares charges much adverse criticism and distrust of manipulation.

1937: FDR Inaugurated

WASHINGTON — Franklin Delano Roosevelt, in his second inaugural address, pledged himself [on Jan. 20] to the further reform of aid to the underprivileged and issued a warning that, with the new prosperity, self-interest and economic irresponsibility had reappeared. He stressed that the Administration had made the exercise of power more democratic. "For we have begun to bring private autocracy power into their proper place," he said. "Our progress out of the depression has been obvious, but we want no patchwork job," he also said. "We are obliged, not only to follow a pathway constructed on new methods of social legislation, but also to build on old foundations a more enduring structure for the use of future generations."

The writer, a syndicated columnist, is a veteran commentator on African affairs.

OPINION

A Buchanan Presidency? Nary a Ghost of a Chance

By William Safire

WASHINGTON — Far be it from me to put the kibosh on Pat Buchanan's possible run for the presidency, but it is better that the secret come out now: Conservative True Believers should know that he is a member of the Judson Welliver Society.

This group is made up of the Establishment men and women who have written speeches for presidents during the last eight administrations. It is named after the first White House speechwriter, Judson Welliver, who was responsible for the reputation for eloquence held by Calvin Coolidge.

The ghostly society has conservative window dressing like the Eisenhower writer Bryce Harlow and the Nixonian Ray Price, but its roster is shot through

with such known liberals as Clark Clifford, Richard Goodwin, Harry McPherson and Arthur Schlesinger Jr. In the besmearings of a primary campaign, it would be leaked that Pat Buchanan has sipped with the likes of these people.

Why do I rat on my old Nixon colleague this way? Because President Reagan's combative (no story can be written about Pat Buchanan without the adjective "combative") director of communications is thinking about seeking the Republican nomination in 1988.

If a Buchanan candidacy were to develop, he could expect no quarter from the left, whose direct-mail fund-raisers are in desperate need of a bite note not wearing a marine uniform — or from the far right, which insists on the most rigid standards of associational as well as ideological purity. And pure is the word for Pat, if your definition of conservatism looks to its traditionalist rather than libertarian roots.

In the Nixon years, he was the coiner of such phrases as "instant analysis" and "the new federalism" and emerged from Watergate not only unscathed but strengthened. Pat was also the brains behind many of the alliterative barbs of Vice President Spiro Agnew ("pusillanimous pussyfooters" and "vicars of vacillation" were Pat Buchanan's; "muttering nabobs of negativism" was mine) and he survived the fall of that solo-contender's clout.

In the Reagan fall from grace, he has sailed out from the White House bem-

pered to lash back at this administration's tormentors and to castigate its sunshine soldiers. His friends fear that Pat — as civil in private as he is savage in public — has become type-cast in this role on the ever-burning deck.

Should he run for president? The argument for taking the plunge is that he would galvanize and bring out the True Believers, ignite a national debate with a mediagenic version of "a choice, not an echo," and polarize the opposition.

The argument against is practical: It would further split "the Movement's" ranks. Former Senator Jack Kemp, who has a chance of winning a national election, now has much of the activist right's support, but some of that strength may be drained by the televangelist Pat Robertson. A Buchanan crusade would undercut Mr. Kemp, which is why Vice President George Bush and Senator Bob Dole are hoping Pat will drive in.

As he prepares to leave the White House, Pat Buchanan is asking himself if his candidacy would serve the right or split and wreck it. At 48, his lifetime spent in advocacy, he does not want to be the instrument delivering the nomination to a pallid centrist, or be the one who denies the Republican right a nominee with a fighting chance of winning the election.

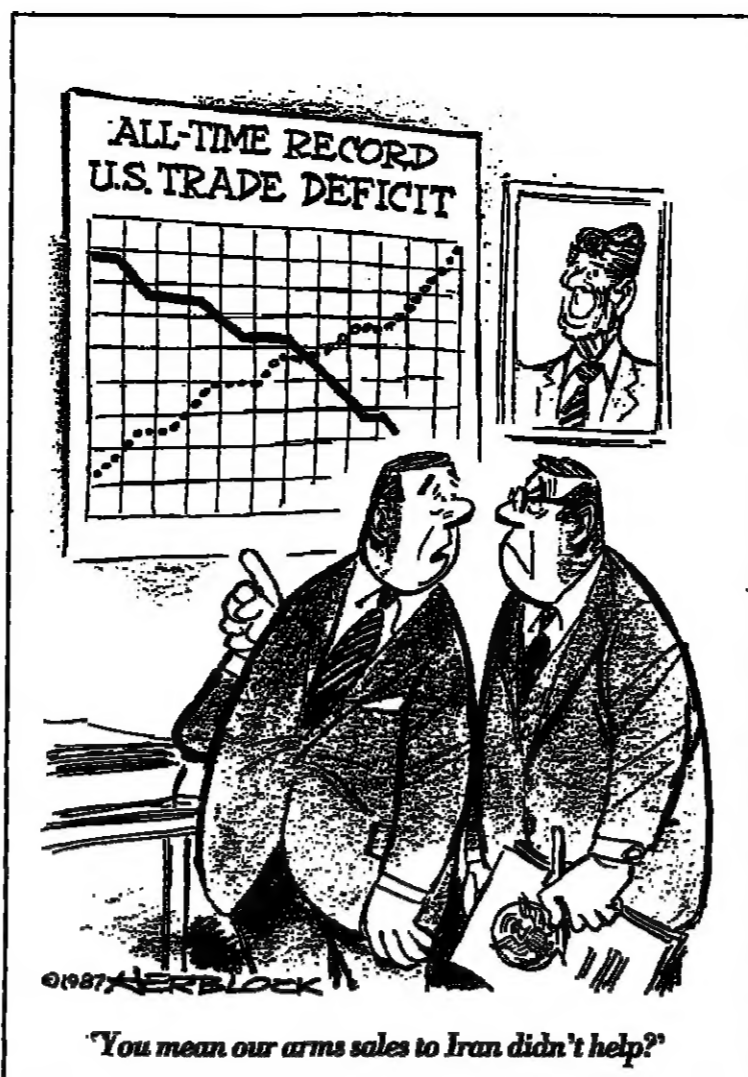
From here on the sidelines, I can say the more the merrier. At the start, let Messrs. Bush, Dole and Kemp be joined by Howard Baker, Alexander Haig, Jeanne Kirkpatrick, Pat Buchanan, Pierre du Pont, Donald Rumsfeld and as many ministers-in-make-up as feel the call. The political spectrum is not as neatly calibrated as psephologists say; in the crucible of the primaries, leadership can be forged and a party reinvigorated. If a Buchanan platform features a genuine flat tax, an end to farm subsidies and a pullout from the United Nations, let us examine his ideas.

But most people in "the Movement" today are not on the sidelines. Between the time of Barry Goldwater and the era of Ronald Reagan, a sea change has taken place in conservative bosoms: The death wish has been replaced by the win wish. The right is not fated to sink gloriously with principles uncompromised; its activists seek a true-enough believer who turns them on without turning everybody else off.

My hunch is that Pat will take a provocative look around and then disappear into the effete corps of salivating editorialists. He may decide he can do more to advance the Movement on the air than on the hustings.

It would have been nice, though, to have a Judson Welliver Society dinner in the State Dining Room of the White House with the president ghostwriting his own speech.

The New York Times.



Rich Merchant, Beware Samurai Debtor

By Naohiro Amaya

TOKYO — Japan's heavy export of capital to the United States, in loans and direct investment, reminds me of Gobei Zeniya, a wealthy 19th century merchant ruined by his debtors.

Zeniya amassed a fortune from coastal shipping and became banker to the Kaga fief, making huge loans to the clan government and samurai officials. In 1849 he was authorized to drain and reclaim marshes for commercial development, but local fishermen objected.

When fish in the marshes suddenly died, Zeniya was accused of poisoning them to forestall opposition. The merchant and his family were arrested by the Kaga authorities. Zeniya died in prison as a result of torture, one son and a chief clerk were executed, and the fief confiscated his entire fortune. All debts to the trader were canceled.

The incident remains shrouded in mystery to this day. The standard interpretation is that Zeniya and his family were set up because Kaga fief could not repay its staggering debts. It was not uncommon for indebted samurai to ruin merchants they owed money to.

Japan has a \$90 billion surplus in international trade. It loans more than \$33 billion a year to America through purchase of U.S. Treasury notes and public bonds. And it has a net overseas credit balance of about \$130 billion.

The U.S. trade deficit in 1985 reached an all-time high of \$148.5 billion. Forced to borrow extensively from Japan and other countries, Washington now owes foreign creditors more than \$100 billion. By the 1990s, U.S. external debt is expected to reach \$1 trillion.

Japan has only limited, defensive armed forces; the United States is a military superpower. Merchant Japan's

status, and it lends in dollars, not yen, which makes the loans and investments vulnerable to devaluation. Such business practices are only warranted if we have complete trust "in the justice and faith of the peace-loving peoples of the world."

These famous words are from the U.S.-inspired postwar constitution. We live in cramped housing, toil like workaholics and put 18 percent of our income into savings. Because the domestic economy does not offer attractive investment opportunities, huge amounts of capital flow overseas. Our transformation into a creditor nation has been marked by bitter trade disputes with the United States. God only knows whether these loans will be fully repaid.

The Japanese government talks constantly about reducing the budget deficit and restoring "fiscal soundness." The Nakasone government is trying to freeze most public spending and curtail government bond issues. It is a commendable goal, but in present circumstances

the result will be greater balance-of-payments surpluses and capital outflow. The more the government puts its financial house in order, the more the private sector will invest in America. The banking and investment community will shift from Japanese government bonds to U.S. Treasury notes. Which is preferable for the national economy?

With present policy, the Japanese government is like the person who cleans up his yard by throwing the trash into his neighbor's yard and then brags about being a responsible home owner.

A healthy economy requires brisk domestic demand, not cutbacks in government spending. Much needs to be done in Japan, yet public works projects go unfunded and the people's savings are invested in U.S. Treasury notes! Talk about voodoo economics. Am I crazy, or is it the people who chant "fiscal soundness" who are deluded?

I am not advocating massive pump priming to stimulate domestic demand. I favor privatization of the national railways, reduction of the subsidy paid to rice growers, and higher fees for national health insurance programs.

But the government has clamped a ceiling on all spending except defense and foreign aid. This is counterproductive. Policy makers must discard shibboleths and take a fresh look at Japan's dilemma. Zeniya surely wished he had reassessed that reclamation project.

The writer is president of the Japan Economic Foundation and a former vice minister for international affairs at the Ministry of International Trade and Industry. This article, from the Tokyo Shimbun, was distributed by the Asia Foundation's Translation Service Center in San Francisco.

MEANWHILE

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The writer is president of the Japan Economic Foundation and a former vice minister for international affairs at the Ministry of International Trade and Industry. This article, from the Tokyo Shimbun, was distributed by the Asia Foundation's Translation Service Center in San Francisco.

status, and it lends in dollars, not yen, which makes the loans and investments vulnerable to devaluation. Such business practices are only warranted if we have complete trust "in the justice and faith of the peace-loving peoples of the world."

These famous words are from the U.S.-inspired postwar constitution. We live in cramped housing, toil like workaholics and put 18 percent of our income into savings. Because the domestic economy does not offer attractive investment opportunities, huge amounts of capital flow overseas. Our transformation into a creditor nation has been marked by bitter trade disputes with the United States. God only knows whether these loans will be fully repaid.

LETTERS TO THE EDITOR

Marxism and the Market

Some of the articles you have published on changes in Soviet society under the new leadership raise valid points, though most of them are animated by a desire for a "de-communization" of the regime. I do not myself discern any evidence whatsoever that the foundation of the Soviet state — its system of ownership — is likely to be affected.

What I do observe, as a Soviet citizen living in the West, is the initiation of long-term policies designed to democratize society so that every citizen can have a say in the running of the state. People's attitudes change slowly, but this change will occur in the U.S.S.R. Its rise will depend on how people respond to the call for greater effort and discipline, but also on material incentives coupled with a moral regeneration of life, the opportunity for public discourse, and the presence of external stability.

In my opinion, one of the most effective instruments for improving society (both national and international) is the strengthening of the rule of law. Ronald

Tiersky, in "Can the U.S.S.R. Alone Be Unchanging?" (Jan. 6), asks: "Could a rule-of-law system be built up from inside communism?" This is precisely what I believe is happening.

New laws are being enacted and published for all to read. Without wishing to idealize the situation, I expect that strict enforcement will tend to constrain bureaucratic arbitrariness, which has been a real curse. Administrative rules are likely to be increasingly derived from, and anchored in, legal dispositions.

Mr. Tiersky is concerned about the liberty under the Soviet system "to buy, sell and produce." Such a "liberty" has long existed with respect to the disposal by the individual members of collective farms of the produce of their small privately managed plots at market prices in the city "bazaars." Now the trend is to sell the collective farms themselves to sell their surplus to the towns at lower market prices, economically a much more sensible arrangement, and one which seems to work.

Other outlets for private initiative have been legitimized, mainly in the neglected service sector. Market-oriented arrangements, combined with decentralization and greater autonomy for enterprises, can be expected to bring efficiency to the economy, help regulate consumers' choices and provide flexibility in foreign trade operations, including joint ventures with capitalist firms.

The elevation of the market to the status of superarbiter has become an article of absolute faith among some economists and politicians in the Western world. Surely the many able and knowledgeable Western analysts of Soviet affairs must realize that this kind of market ideology and reality is alien to, and inconsistent with, the Soviet system.

EVGENY CHOSSUDOVSKY, Geneva.

Pawns With Noble Motives

Mike Royko, in the opinion column "Against the Yellow Ribbon Syndrome" (Dec. 2), proposed that the United States "stop assuming responsibility for private citizens who choose to expose themselves" to danger. Peter Adams (Letters, Dec. 12) took it one step further, stating that "Americans who insist on going to trouble spots for private reasons get what they deserve."

As an American expatriate I accept

the responsibility for my own actions. However, it is disconcerting that if I were to become the victim of a terrorist kidnapping, it would likely be in retaliation for misguided U.S. policies to which I have never subscribed. The clergymen and educators who have been pawns in Lebanon were doing more to promote friendship and genuine American interests than any U.S. government official.

If Mr. Adams should find himself on a hijacked airliner in possession of a wrong passport, is this what he deserves? MARK HENDERSON, Marousi, Cameroon.

More Goodman, Less Safire

Ellen Goodman's opinion column, "After a Disaster, the Blame Goes to All but the Humans" (Meanwhile, Jan. 14), was excellent, as they almost always are. I wish you would carry her columns more often. They are certainly more interesting than those of William Safire, for example, which you carry regularly.

BARRY CHILDERS, Geneva.

Not Much of a Party

I was perplexed by "Can Wall Street's Biggest-Ever Party Continue?" (Jan. 5), by John Crudele. Naturally, the person who bought Dow Jones shares is better off than the person who left dollars in a liquid account. But if you reason as a

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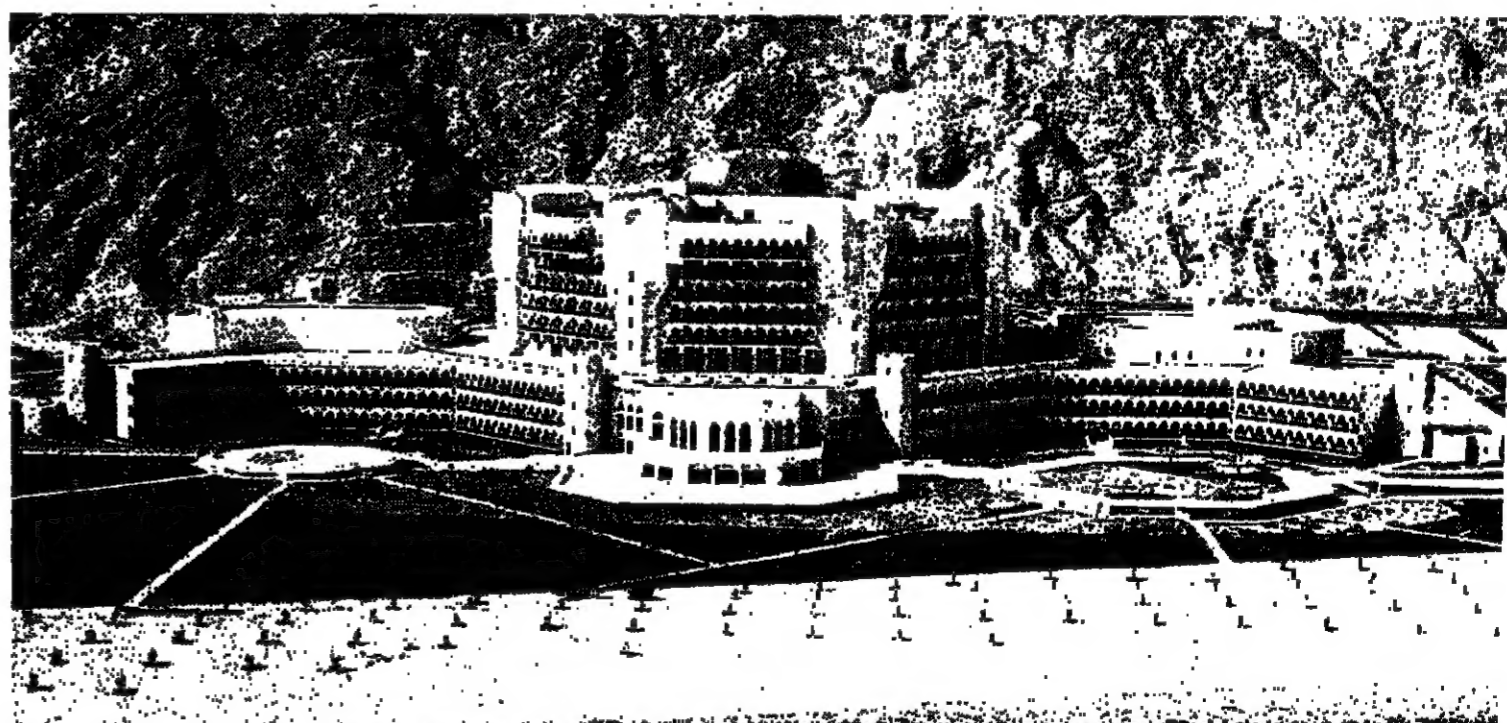
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BUSINESS ROUNDUP

Steel No Longer No. 1 at Klöckner

By Ferdinand Proczman
International Herald Tribune

FRANKFURT — Klöckner-Werke AG said Tuesday that group sales slipped 1.6 percent in fiscal 1986, but that sales by its processing operations exceeded steel sales for the first time.

Klöckner, a diversified industrial concern, is West Germany's second largest steelmaker, after Thyssen AG. Worldwide group sales slipped to 7.46 billion Deutsche marks (\$4.1 billion at current exchange rates) in the year ended Sept. 30, from 7.58 billion DM in the 1985 fiscal year.

Klöckner did not release profit figures, but stock market analysts in Frankfurt said they expected net profit to be little changed from the previous year's 35 million DM. Neither did they expect Klöckner to pay an annual dividend. It has not done so since 1974.

Klöckner returned to profit in fiscal 1985 after 10 years of losses, thanks largely to sharply reduced losses at its steelmaking division, once the core of the company. In fiscal 1985, the steel division cut its loss to 3 million DM from 201 million the year before.

Herbert Gienow, chairman and chief executive, said in the compa-

ny newsletter that Klöckner had successfully pursued its strategy of becoming independent from steel. The expanding machinery and plastics processing divisions now provided about one-third of sales, and had both improved their results, he said.

Sales at the specialty machines division rose 21.6 percent to 2.36 billion DM from 1.94 billion DM in 1985, while plastic sales edged down 2.6 percent to 409 million.

The company said that domestic revenue rose 5.9 percent last year, to 4.07 billion DM from 3.84 billion a year earlier, while foreign sales fell 9.3 percent to 3.39 billion DM from 3.74 billion in fiscal 1985.

Under Mr. Gienow's guidance, the company launched an extensive restructuring program in 1980, designed to shift Klöckner's focus to high-technology processing and engineering.

To that end, the company slashed its work force and spun off its steelmaking activities. Klöckner also sought to merge its steel operations with those of Krupp Stahl AG, the No. 3 German steel producer. That plan collapsed and Krupp officials blamed Klöckner's financial condition.

While the financial picture and diversification efforts show improvement, steel production continues to decline. Klöckner produced 4.2 million tons of crude steel in fiscal 1986, down from 4.6 million tons a year earlier.

Packer Sells Media Interests To Bond Corp.

Compiled by Our Staff From Dispatches
SYDNEY — Kerry Packer has sold his Australian television and radio networks and his interest in the British television company TV-AM to Alan Bond, a Packer executive said Tuesday.

Trevor Kennedy, managing director of Mr. Packer's Australian Consolidated Press Holdings Ltd., said the board had accepted an offer of 1.055 billion Australian dollars (\$681.5 million) from Mr. Bond's Bond Corp.

He said the sale included television stations in Sydney and Melbourne, the CBC radio network and a 27 percent interest in TV-AM.

Meanwhile, Advertiser Newspapers Ltd. of Adelaide said Tuesday it would accept an offer by Rupert Murdoch's News Corp. Ltd. for its 12 percent stake in Herald & Weekly Times Ltd.

News Corp. now accounts for about 54 percent of its target's issued capital, analysts said. The bid is valued at 2.3 billion dollars. Queensland Press Ltd. and Industrial Equity Ltd. had already accepted the offer for their HWT stakes, totaling 35.9 percent. (AFP, Reuters)

DEC Unveils Big Computers Competing With IBM Models

Compiled by Our Staff From Dispatches
NEW YORK — Digital Equipment Corp. unveiled on Tuesday two mainframe computers that it said were the most powerful systems it has offered.

The new equipment pushes Digital into direct competition in the mainframe market with the industry leader, International Business Machines Corp.

Introduction of the new equipment had been expected on Wall Street. Digital's stock surged \$6 on Monday and a further \$2.37 Tuesday, to close at \$140.62. It has risen nearly \$40 this year.

The VAX 8974 and VAX 8978, are composed of existing VAX 8700 processors linked together to provide more computing power.

The VAX 8974, which groups four processors, is priced from \$2.57 million. The VAX 8978, grouping eight, starts at \$4.8 million.

Although Digital's traditional strength is in the scientific and engineering marketplace, the new systems are intended for general use by Fortune 500 companies. Rose Ann Giordano, Digital's vice president for information systems marketing, said.

"These systems, as an extension of VAX, should allow us to compete across the board in corporate information systems," she said.

Digital has been challenging IBM strongly in midsize computers, but IBM continues to have about 80 percent of the market for the biggest computers, where it enjoys its largest profit margins.

Digital's VAX 8974 performs about 25 million instructions a second, roughly the same as IBM's 3090 Model 200, and the VAX 8978 performs about 50 million instructions a second, about the same as IBM's top-of-the-line 3090 Model 400, Ms. Giordano said.

The clusters of processors include new data-storage devices and software that allow them to switch data in and out as fast as typical mainframes.

Analysts were mixed in their reaction, saying the new models would help Digital at a time when the company was already making major inroads against its much larger competitor, but would not have an immediate impact on IBM.

The primary beneficiary, they said, would be users of Digital computers that sought bigger machines capable of using existing VAX software.

Digital's announcement comes less than a week after it announced a 98 percent jump in net income for its second fiscal quarter to \$270 million from \$136.1 million. (Reuters, AP, NYT)

Owens Agrees to Meet KKR, Invites Other Bids

United Press International
TOLEDO, Ohio — Owens-Illinois Inc. has agreed to meet with Kohlberg Kravis Roberts & Co., the New York investment firm that has made a \$3.6 billion takeover offer, and any other party interested in making a bid.

The move came in a statement issued late Monday. Owens rejected a \$35-a-share bid from Kohlberg on Jan. 12. When Kohlberg raised its bid to \$60 a share later that day, Owens said it would study the offer but did not indicate when it would take action.

Asia Pacific Growth Fund
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BTR Drops Pilkington Bid, Citing 'Commercial Reasons'

The Associated Press
LONDON — BTR PLC, the industrial conglomerate, said Tuesday that it was dropping its contested £1.17 billion (\$1.79 billion) bid for Pilkington Glass PLC.

Pilkington's stock fell sharply on the announcement. It closed at 660 pence on the London Stock Exchange, down 36 pence on the day.

BTR closed at 294 pence, up 5 pence from 289 Monday.

BTR cited "commercial reasons" for its decision to allow the bid for Pilkington, the world's largest glass manufacturer, to lapse.

The statement did not mention the political furor over the takeover, which intensified last week when the trade and industry secretary, Paul Channon, decided not to refer the bid to the Monopolies and Mergers Commission for review.

BTR does not have any glass-making operations, and the offer, which was announced Nov. 20 and priced below Pilkington's market value, did not raise antitrust concerns.

But critics said it posed "public interest" conflicts.

Pilkington, which employs workers in the economically depressed north of England, has a reputation for performing community service.

BTR has been portrayed by its critics as an asset-stripper interested only in short-term profits.

BTR effectively had offered 545 pence for each of Pilkington's shares. Many investors had been expecting a higher offer, either from BTR or another bidder.

When BTR made its bid in November, it said its philosophy and management style would improve the performance of Pilkington, which reported that pretax profit for the year ended March 31 dipped 9 percent to £105.8 million.

BTR has acquired Dunlop Holdings PLC and Nylax Corp., an Australian polymers company, in the past two years.

After Pilkington's share price jumped 20 pence in heavy volume on Jan. 14, the London Stock Exchange said it would investigate.

Official clearance of the bid came the next day, and the stock climbed a further 34 pence to close at 695 pence.

Honda Says Net Declined 49.4% In 3d Quarter

Compiled by Our Staff From Dispatches
TOKYO — Honda Motor Co. reported Tuesday a 49.4 percent decline in net income in the third quarter of its business year ended in November.

The company blamed the year's steep appreciation for most of the fall.

Honda said its net profit in the third quarter dropped to 17.15 billion yen (\$112.8 million) on sales of 655.34 billion yen, down 0.2 percent.

It also reported that sales in the first three quarters of the business year declined 3 percent to 2.099 trillion yen and that net income dropped 45.5 percent to 63.47 billion yen.

Revenues from overseas automobile sales rose to 342.2 billion yen from 299.7 billion the year before. But overseas revenues calculated in yen declined 7.4 percent because of the yen's rise.

Motorcycle revenue also fell and the company blamed slacker sales in Japan because of a law requiring motorcyclists to wear crash helmets. (AFP, Reuters)

COMPANY NOTES

Emess Lighting PLC, a British manufacturer of lighting equipment, will make a recommended bid for Enby Industries PLC that will be accepted by BSR International PLC, which holds a 40 percent stake.

Emess already owns a 4.3 percent stake. European Pacific Investments SA will acquire an 84.9 percent stake in Hong Kong's Dart Development Co. for 21.18 million Hong Kong dollars (\$2.75 million).

EPI will also offer 3.56 Hong Kong dollars for each remaining share in Dart. France Hamel & Co.'s U.S. subsidiary, Scrivner Inc., has acquired Quinn Wholesale Co., a food wholesaler based in North Carolina. No financial details were provided by the West German trading group. Quinn has annual revenue of around \$250 million, employs 300 people and delivers food to about 200 independent supermarkets.

Hutchinson Whampoa Ltd. and Cheung Kong (Holdings) Ltd. have signed a 762 million Hong Kong dollar (\$99 million) bond issue convertible into shares of Cathay Pacific Airways Ltd. held jointly by them. The five-year bonds, to be issued at par, carry a 5 percent coupon payable semiannually.

Jacobs Smeed AG expects net profits to rise 27 percent to 190 million Swiss francs (\$126 million) for 1986, providing scope for an increase in the dividend to 32 percent of nominal value against the 31 percent paid last year.

MIM Holdings Ltd. said in Australia that all its operations traded profitably before extraordinary charges in the first 24 weeks, which ended Dec. 27. The

group earlier reported a rise in net profit to 38.96 million Australian dollars (\$25.2 million) in the period, from 30.79 million a year earlier, before an extraordinary loss of 50.21 million.

Montedison SpA has acquired a 51 percent stake in Arturo Impegno SpA, an Italian military equipment company, from Debi Group of West Germany. A Montedison spokesman declined to disclose the price for Impegno, which is based in Venice.

Nomura Securities Co., Japan's largest brokerage house, will list its common stock on the Amsterdam Stock Exchange under the Amsterdam Security Account System. Nomura will be the first Japanese company to have its common stock on the Amsterdam market under this system.

Salomon Inc., the U.S. investment banking house, expects its fourth-quarter earnings to fall about 40 percent, to \$80 million, from \$132 million in the comparable period in 1985. On a per-share basis, Salomon's earnings would drop to 53 cents, from 90 cents. The firm said the fourth-quarter decline would also cause a 7.5 percent drop in full-year earnings, to about \$515 million, or \$3.45 a share, from \$557 million, or \$3.78 a share. All figures are preliminary.

Visa USA Inc. is refunding \$5 million to its member banks as a result of a reduction in its counterfeited losses in the 1985-86 accounting period. Visa said counterfeiting of its cards dropped to \$15 million at the close of the insurance year that ended April 30, 1986, from nearly \$40 million the year before.

Lagerfeld and Revillon Sign Accord On Worldwide Marketing, Licensing

PARIS — The designer Karl Lagerfeld and Revillon SA, the French fur, accessories and perfume concern, announced Tuesday a worldwide licensing and marketing partnership for all Lagerfeld activities apart from perfumes. No financial details were disclosed.

Mr. Lagerfeld is best known as the designer for the house of Chanel, as well as collections under his own name and the Fendi name in Italy. Until three months ago he had a licensing agreement with Bidermann Industries USA Inc., an American company, signed when he ended his 20-year association with the house of Chloé in 1984.

He said he had terminated his three-year agreement with Bidermann early and "by mutual consent." He said his first venture for Revillon would be a fur collection under his name next year.

Revillon's parent company, Cote-Revillon-Editions Mondiales, is a developer of so-called "hypermarkets," or vast supermarkets, with annual sales of 30 billion francs (\$4.9 billion).

Mr. Lagerfeld said he would maintain his ventures with Fendi, where he designs furs and ready-to-wear clothing, and with Chanel, where he is responsible for both the ready-to-wear and haute couture collections.

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

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Via The Associated Press

17%	7% Cost/A	1	38	14 1/4	14 1/8	14 1/2
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115	NaHCO ₃	2.2	11
94	NaH ₂	4.4	20
94	NaH ₂	4.4	20

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Not all value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - quarterly; (i) - irregularly.

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[illegible]

Agence France-Presse
Foreign shipbuilding orders

Foreign orders for 75 ships totaled 1.92 million metric tons (2.1 million short tons) in 1986, down 29.9 percent from the previous year. That was the previous low since World War II was 2.22

Notes	Borrow/Trade	Coupons
Midland Bk Perp		6 1/2
Midland Bk Perp New		6 1/4
Midland Pers 3		6 1/4

Jan. 20	January/March	Common
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[illegible]

WITH AUTHORITATIVE WRITING ON
WORLD OF ART AND ART AUCTIONS

Rank	Country	Score
1	USA	194
2	Canada	171
3	France	168
4	Germany	165
5	Italy	164
6	Spain	163
7	Sweden	162
8	Switzerland	161
9	Japan	160
10	South Korea	159
11	China	158
12	India	157
13	Australia	156
14	Brazil	155
15	Argentina	154
16	Mexico	153
17	Colombia	152
18	Venezuela	151
19	Peru	150
20	Ecuador	149
21	Guatemala	148
22	Costa Rica	147
23	Panama	146
24	Honduras	145
25	Nicaragua	144
26	El Salvador	143
27	Belize	142
28	Paraguay	141
29	Uruguay	140
30	Chile	139
31	Bolivia	138
32	Paraguay	137
33	Uruguay	136
34	Chile	135
35	Bolivia	134
36	Paraguay	133
37	Uruguay	132
38	Chile	131
39	Bolivia	130
40	Paraguay	129
41	Uruguay	128
42	Chile	127
43	Bolivia	126
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48	Paraguay	121
49	Uruguay	120
50	Chile	119
51	Bolivia	118
52	Paraguay	117
53	Uruguay	116
54	Chile	115
55	Bolivia	114
56	Paraguay	113
57	Uruguay	112
58	Chile	111
59	Bolivia	110
60	Paraguay	109
61	Uruguay	108
62	Chile	107
63	Bolivia	106
64	Paraguay	105
65	Uruguay	104
66	Chile	103
67	Bolivia	102
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69	Uruguay	100
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90	Chile	79
91	Bolivia	78
92	Paraguay	77
93	Uruguay	76
94	Chile	75
95	Bolivia	74
96	Paraguay	73
97	Uruguay	72
98	Chile	71
99	Bolivia	70
100	Paraguay	69

Deutsche Marks

125	Belgium 97 (Dm)	37
71	Commerzbank 95 (Dm)	412
100	Cred Foncier 96 (Dm)	44
	Deutsche 97 (Dm)	479

Japanese Yen

Source : Credit Suisse-First Boston Ltd
London

China to Buy 3 Boeing 757s

Boeing Co. 757 passenger plane

tails were given for the sale, the first of this year.

DM - Deutsche Mark; BF - Belgium Francs; CS - Canadian Dollars; FF - French Francs; FL - Dutch Florin; LF - Luxembourg Francs; ECU - European Currency Unit; p - piece; SF - Swiss Francs; Y - Yen; a - asked; + - Offer Price; b - bid choice; N.A. - Not Available; N.C. - Not Communicated; o - Near; S - suspended; s/s - Stock Split; - - Ex-Dividend; * - Ex-Extra Dividend

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

CURRENCY MARKETS

DOLLAR: Baker, Japanese Finance Minister to Meet

(Continued from Page 1)
strong feeling he could gain such a position.

Mr. Miyazawa said Monday that U.S. Treasury officials have confirmed that U.S. policy is not to pick the dollar down.

In practice, however, dealers said the Reagan administration has done just that, citing news disclosed last week that the administration would like to see the dollar fall further still.

In currency markets, meanwhile, dealers stressed that Tuesday's rise in the dollar did not signal any fundamental shift in the bearishness that has pushed the currency down 4 percent in the first three years of this year. The U.S. trade and budget deficits are the main factors weighing against the dollar.

"The dollar has been overdue for a rebound from this sharp decline," said a dealer for a major West German bank. "But the market's mood hasn't changed. In the short term, most people see the dollar falling below 1.80 DM, possibly to 1.70 DM."

Dealers said rumors circulated in the markets that the Bundesbank's policy-setting council would cut the nation's discount rate from its current 3.5 percent at its regular Thursday meeting.

Economists, however, said a cut was unlikely until after national elections on Sunday.

Mr. Köhler of the Bundesbank did not comment on the likelihood of a cut, but gave some insight into the various factors at work within the council.

"On Thursday, as in every central bank council," he said on West German television, "we have to assess the weight of international influences and the problem which obviously affects us very significantly—and that is the increase in our central bank money stock."

"You can see that we're in a real dilemma," Mr. Köhler added. The central bank, he said, must consider "the problems of currency policy, the dollar rate, its fall and a revaluation of the mark," as well as "the monetary problems that we have."

London Dollar Rates

Closed	Tue	Mon
Deutsche mark	1.875	1.869
Swiss franc	1.525	1.524
Japanese yen	122.5	122.5
French franc	1.548	1.548
British pound	1.510	1.510

Source: Reuters

The dollar was higher against other major currencies in New York and Europe.

In New York it rose to 6.1355 French francs from 6.0775 Monday and to 1.5410 Swiss francs from 1.5223, while the British pound fell to \$1.5195 from \$1.5303.

The U.S. currency closed in London at 1.875 DM, up from 1.8098 Monday; at 152.50 Japanese yen, up from 150.95; at 1.5408 Swiss francs, up from 1.5148; and at 6.0550. It also ended higher against the pound, which closed at \$1.5190, against \$1.5345.

In Paris the dollar was fixed at 6.1350 French francs, up from 6.052.

France Reports Small Surplus in Foreign Trade

PARIS—France ended 1986 with a small surplus in the merchandise trade of 484 million francs (\$79.87 million), in line with government forecasts, the Finance Ministry said Tuesday.

The surplus, based on provisional seasonally adjusted estimates, marked a sharp turnaround from a 29.6 billion franc deficit in 1985.

Exports showed a 3.7 billion franc surplus, seasonally adjusted, in December.

But government warnings that industry had been slow to take advantage of deregulation and falling oil prices were reflected in an upward revision of the cumulative deficit reported for earlier months.

The ministry gave no details of the revisions.

BUSINESS PEOPLE

Hewlett-Packard Founder to Retire

By Arthur Higbee
International Herald Tribune

William R. Hewlett, who founded Hewlett-Packard Co. with David Packard in 1939, will retire as vice chairman effective Feb. 24, the company has announced.

Mr. Hewlett, 73, is best known for his innovative engineering and people-oriented style of management. Mr. Hewlett and Mr. Packard, who studied engineering together at Stanford University, started the company in a garage with \$395 between them. Today, Hewlett-Packard is the world's largest manufacturer of electronic test and measurement instruments and a leading producer of microcomputers. The company had sales of \$7.1 billion last year.

Although consultants advised against it, Mr. Hewlett pushed the company to introduce the world's first hand-held scientific calculator, the HP 35, which made the slide rule obsolete.

Mr. Hewlett has not been involved in company day-to-day op-

erations for several years, but officials told The New York Times that the "human side of management" that he espoused as president, chief executive and chairman are part of his legacy.

Mr. Hewlett will remain on the board. His son, Walter B. Hewlett, has been nominated as a director.

Time Inc. has named Robert L. Miller, group publisher of its magazine group, to the additional post of publisher of Time, its flagship weekly news magazine. Mr. Miller, 37, succeeds Richard B. Thomas, 55, publisher since 1985. A spokesman said Mr. Thomas will assume the new post of senior vice president of the magazine group in charge of "developing group-wide sales opportunities."

The Bank of Ghana's governor, J.S. Addo, has resigned, according to a government statement. No reasons were given. Earlier this month Mr. Addo, an economist, had been appointed chairman of a government committee to study the prospects of setting up a stock exchange

in the West African country. G.K. Agama, the chairman and a former lecturer at the University of Ghana, was named acting governor.

Federated Department Stores Inc. of Cincinnati said Steven M. Somers is leaving as chairman and chief executive of its I. Magnin subsidiary, based in San Francisco, to take an entrepreneurial fling with a company just starting up. Mr. Somers, 47, has been running Magnin's for the past eight years. He is joining Initials Plus Inc., which licenses gift shops, as president and chief operating officer. Federated has not named a successor. Mr. Somers acknowledged that he was taking a risk but said his new company would be going "from zero to 100 miles an hour very quickly."

Senior Engineering Group PLC, manufacturer of machinery in Watford, England, has appointed Robert Evans to its board. Mr. Evans, 59, is chief executive of British Gas PLC.

Church's Fried Chicken Inc., a

Cockerill to Get Candois Back

International Herald Tribune

BRUSSELS—Jean Gandois, the Frenchman who in 1983-85 reorganized the ailing government-controlled Belgian steel company, Cockerill Sambre SA, will return there as part of an agreement between Belgium and France.

Pechiney, the French government-owned metals group, said Mr. Gandois, 56, would remain its chairman and chief executive while becoming chairman of Cockerill. He will replace Raymond Lévy, 59, now head of Renault, the French car maker. Mr. Lévy succeeded Georges Besse, 58, who was shot to death Nov. 17 by terrorists.

San Antonio, Texas-based fast-food chain, said Lewis B. Kilbourne has resigned as senior vice president for finance.

THE EUROMARKETS

Secondary Market Firmer on Dollar Talks

LONDON—Prices in the secondary market closed slightly firmer Tuesday as investors expressed confidence that coming U.S.-Japanese currency talks would produce an agreement to stabilize the dollar.

The announcement Tuesday that Japan's finance minister, Kiichi Miyazawa, is going to Washington to confer with Treasury Secretary James A. Baker 3d on currency issues helped boost the dollar on foreign-exchange markets around the world.

Among new issues, however, syndicate officials said there was little appeal for any but specialty issues, including the first offering of securities backed by British home mortgages.

National Home Loans, a British mortgage lender, issued a £50 million floating-rate note priced to yield 20 basis points over the three-month London interbank offered rate. The issue is rated AAA by

Standard & Poor's Corp. and carries insurance on the underlying mortgages.

The issue was lead managed by Salomon Brothers International Ltd. and S.G. Warburg.

Traders said the issue, which had ample advance publicity, was well received, trading comfortably inside its 50-basis-point fees at about 99.80.

But traders in floating-rate notes said it was likely to have limited appeal, at least initially, while investors tackle some of the issue's arcane features.

Among other floating-rate issues, dealers said that trading was thin and that prices ended little changed to slightly lower.

Among the day's new offerings were two separate issues, one in Deutsche marks and one in Australian dollars, for the World Bank.

The first, a five-year issue, consisted of 75 million Australian dollars with a coupon of 14 1/2 percent, priced at 101 1/2. Late in the day,

brokers quoted the issue comfortably inside its fees of 1 1/2 percent at a discount of 1 1/2 percent.

The World Bank's other offering was a 700 million DM issue of 10-year, 5 1/2 percent notes.

Syndicate officials said that Australian dollar issues appeared to be attracting strong investor interest, largely because of the strength of the currency.

"They are doing even better than we thought they would when the issues all started to come three weeks ago," said a trader at a bank active in Australian issues.

He noted that Société Générale's offering of three-year, 14 1/4 percent bonds had been increased again, this time to 50 million Australian dollars from 40 million.

Among dollar straight issues, a single issue was priced. A \$70 million offering for Nissan Steel, guaranteed by Suwa Bank, was assigned a coupon of 7 1/2 percent, a spread of 100 basis points over comparable maturity Treasury issues.

YEN: U.S. Customers Find Rise in Japanese Currency Breaks Textbook Rules About Prices

(Continued from first finance page)

the dollar. The other countries had their own reasons to cooperate with the United States. Their fortunes are linked to a healthy U.S. economy, and they fear the growing congressional sentiment to restrict imports.

Contrary to American hopes, however, the U.S. trade figures with other countries have remained dismal since that agreement at New York's Plaza Hotel.

U.S. consumers continue to indulge their tastes for foreign goods, and U.S. exporters continue to have trouble competing not only with Japan, but also with suppliers from many countries.

The deficit with Japan is of special significance, however, both because of its magnitude and because of Japan's successful challenges to American industry in automobiles, electronics, machine tools and many other areas.

"It's part of an overall picture, although Japan stands out because it is an extreme," observed Irwin L.

Kellner, chief economist with Manufacturers Hanover in New York.

In 1985, for example, the United States bought about \$72.4 billion worth of products from Japan, while selling the Japanese \$22.6 billion worth, for a trade deficit of nearly \$50 billion, according to the Department of Commerce. The 1986 imbalance is expected to be even larger, in the range of \$60 billion.

That is the largest single portion of a U.S. trade deficit with the rest of the world, which is likely to exceed \$170 billion when the figures for 1986 are added up.

Many specialists still expect a turnaround in 1987. And to be sure, it can take a long time for trading patterns to alter, despite price changes.

But if that is to happen, it is important for U.S. manufacturers to sell more goods to Japan and other nations and for Americans to buy fewer imported products.

Anecdotal evidence suggests at least minor progress for U.S. exports to Japan.

Geert Jensen, whose Alget Co. in Los Angeles ships goods internationally, said that he now is moving U.S.-made kitchen cabinets to Japan for the first time in a decade.

"Right now, we're selling products in Japan that we haven't sold for years, simply because we weren't competitive," he said.

The big-ticket U.S. items traditionally marketed to Japan include agricultural commodities, factory and office equipment, coal, oil products, chemicals, drugs and plastics. In many cases, Japanese import restrictions, however, have stymied U.S. attempts to make further inroads.

Others chastise U.S. industry for failing to be more aggressive in marketing to Japan.

"It was a wonderful opportunity for us to go in there and get a bigger share of the market," said Charles H. Newell, president of Meridian Group, an export management company in Los Angeles. "And in my estimation, we didn't do it."

Nonetheless, earnings are down sharply in many Japanese indus-

tries, including autos, because of the yen. And companies are scrambling to cut costs, frequently relying on suppliers in South Korea, Hong Kong and other offshore locations where the labor is cheaper.

Yet the Japanese are proving their determination to keep customers by restricting price increases to far less than the leap of more than 50 percent in the yen's value since early 1985.

They have boosted prices on automobiles, electronic goods, office equipment and other products. But, with the exception of some specialty retailers, the increases have been small enough to prevent any serious deflection of customers.

For instance, prices at Yamaha International Corp., which markets musical instruments and sporting goods, rose about 10 percent to 12 percent last year, according to a spokesman. "We couldn't possibly go up 50 percent or we wouldn't have any buyers at all," he said.

In some cases, prices have not gone up at all, leading to charges of unfair competition.

Jerry K. Pearlman, chairman of Zenith Electronics Corp. in Glenview, Illinois, complained that 19-inch color television sets from Japan sold last fall for \$40 less than in early 1985. "You ought to be looking for a 50 percent increase in dollar prices, but in our industry you're seeing prices decline," he said.

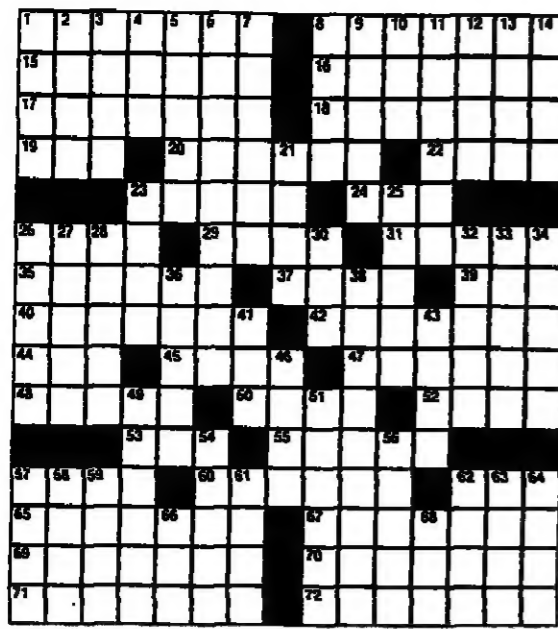
Yet sacrifices by Japan hardly guarantee any benefit for Americans.

No major U.S. company even manufactures its own videocassette recorders, for example. "It doesn't matter if the American consumers are buying Japanese, Korean or Brazilian," observed Ralph J. Thomson, senior vice president of the American Electronics Association. "It's still no gain for U.S. industry."

And even where U.S. companies are alive and well, some have disappointed observers by continuing to raise their own prices rather than aggressively marketing them down to lure new customers, or perhaps lure back their old ones.

Tuesday's OTC Prices
NASDAQ prices as of 4 p.m. New York time.
Via The Associated Press

12 Month	High	Low	Open	Close	12 Month	High	Low	Open	Close
129	129	129	129	129	129	129	129	129	129
130	130	130	130	130	130	130	130	130	130
131	131	131	131	131	131	131	131	131	131
132	132	132	132	132	132	132	132	132	132
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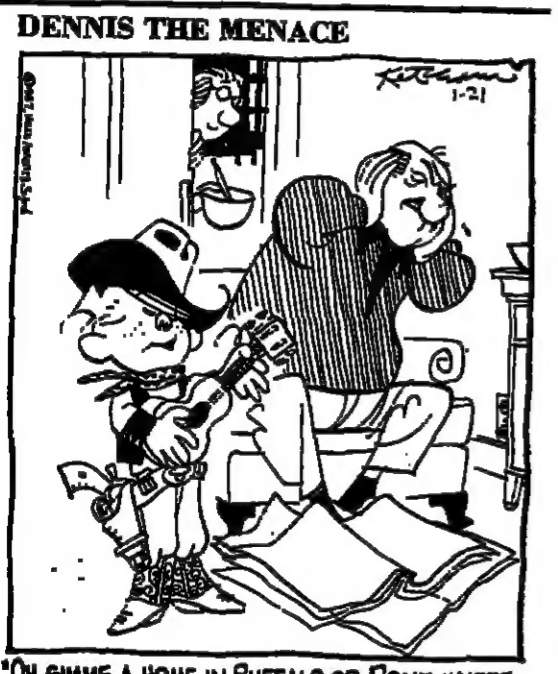
ACROSS

1 Sparkled
8 "The Always Rings Twice": Cain
15 Federal — Bank
16 So-so
17 Part of a monogram
18 Withdraws
19 A.M.A. members
20 Letter ending
22 "we forget"
23 Top-drawer
24 Arabic word for hill
26 Part of a Hope-Crosby film title
29 Sell
31 Fireplace residue
35 State (New York)
37 Exciting flavor
39 Islet
40 Fruitful
42 Medley
44 Conceit
45 Org.
47 Sex
48 Gamut
50 Show's companion

DOWN

1 Forbidding
2 Give temporarily
3 Ostrich's sister
4 Bottom line
5 Test
6 With equivocation
7 Erase
8 Peel
9 Open
10 Defeat a bridge contract
11 Bird songs
12 Stable mate
13 Eons
14 Aerie, e.g.
21 Air hole
22 Phoenixian seaport
23 "Born in the 55 Forays
24 Laugh-getters
25 Surrey topping
26 D-H connection
27 Basic
28 Alkin
29 79 Traps
30 51 SUK hats
32 Texan's hat
33 Cubic meter
34 Lead cutters
35 Acoustic guitar
36 Composer
37 Mahler
38 Careless
39 Trevelyan
40 Superlative ending
41 Lead cutters
42 Acoustic guitar
43 Composer
44 Mahler
45 Careless
46 Trevelyan
47 Superlative ending
48 Lead cutters
49 Acoustic guitar
50 Composer
51 Mahler
52 Careless
53 Trevelyan
54 Superlative ending
55 Lead cutters
56 Acoustic guitar
57 Composer
58 Mahler
59 Careless
60 Trevelyan
61 Superlative ending
62 Lead cutters
63 Acoustic guitar
64 Composer
65 Mahler
66 Careless
67 Trevelyan
68 Superlative ending
69 Lead cutters
70 Acoustic guitar
71 Composer
72 Mahler

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WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	14	8	Beijing	10	4
Austria	10	4	Bombay	28	22
Belgium	10	4	Buenos Aires	18	12
Canada	10	4	Calcutta	28	22
France	10	4	Chongqing	10	4
Germany	10	4	Colombo	28	22
Greece	10	4	Dacca	28	22
India	10	4	Delhi	10	4
Italy	10	4	Disse	28	22
Japan	10	4	Doha	28	22
South Korea	10	4	Dubai	28	22
North Korea	10	4	Guangzhou	10	4
China	10	4	Hankow	10	4
U.S.S.R.	10	4	Harbin	10	4
U.S.A.	10	4	Hong Kong	10	4
South America	10	4	Kobe	10	4
Latin America	10	4	London	10	4
North America	10	4	Los Angeles	10	4
South America	10	4	Madrid	10	4
Latin America	10	4	Moscow	10	4
North America	10	4	Nairobi	10	4
South America	10	4	Rangoon	10	4
Latin America	10	4	Seoul	10	4
North America	10	4	Singapore	10	4
South America	10	4	Taipei	10	4
Latin America	10	4	Tokyo	10	4
North America	10	4	Yokohama	10	4
South America	10	4			



World Stock Markets

Via Agence France-Presse Jan. 20

Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	3,250.00	+10.00
Brussels	2,100.00	+10.00
Frankfurt	2,100.00	+10.00
London	2,100.00	+10.00
Paris	2,100.00	+10.00
Stockholm	2,100.00	+10.00
Switzerland	2,100.00	+10.00
Vienna	2,100.00	+10.00
Zurich	2,100.00	+10.00

BOOKS

THE PANIC OF '89
By Paul Erdman. 304 pages. \$17.95.
Doubleday, 245 Park Avenue, New York, N.Y. 10167.

THE ROPESPINNER CONSPIRACY
By Michael M. Thomas. 433 pages. \$18.95.
Warner Books, 666 Fifth Avenue, New York, N.Y. 10103.

Reviewed by John Gross

THE banking system comes under savage assault from two different directions this month — in Paul Erdman's "Panic of '89" and Michael M. Thomas' "Ropespinner Conspiracy." In each case it survives, but only just.

As the author of such novels as "The Crash of '79" and "The Billion Dollar Sure Thing," Erdman is a leading exponent of the block-busting financial melodrama. This time he has set his story some two years from now. The current administration is on its way out, and a newly elected Democratic president is waiting in the wings; meanwhile, the price of oil is plunging and several major Third World governments are threatening to default on their debts.

It is against this troubled background that a group of conspirators converges in an attempt to engineer a devastating run on the banks. Does it matter that the characters in "The Panic of '89" are pure plastic? Not necessarily; the plot — the first consideration in this kind of story — is potentially an exciting one, and it draws on readily aroused fears that it wouldn't take much for the world economy to lurch out of control.

No, the real trouble is Erdman's inability to put his political and economic points across in a plausible fictional manner. Instead, he has his money men constantly lecture one another about the ABCs of their trade. The effect is to make everyone in the book talk as though everyone else were slightly slow-witted.

"The Ropespinner Conspiracy" is a far more sophisticated piece of work. The story opens in the 1930s, with Soviet intelligence setting out to plant an agent at the very heart of capitalism in order to hasten its destruction from within. Farfetched? Perhaps; but Michael M. Thomas can cite at least a partial precedent

Solution to Previous Puzzle

SHIPS	COCO	MERO
LEGIT	AROW	ILIT
ARENA	BELL	LIRA
WATERMILL	ALTER	
TAM	LYS	TATA
BRIDE	ROMAN	CEDE
ANNA	ELERS	DOVE
RANCHERO	ASPIR	
KILO	LOK	ELK
SLOWEST	ILIA	
GLAS	HANDS	BACK
ADIT	BEND	EATEN
REVE	ARTE	ECOLE
YSER	ASSN	DANTE

BRIDGE

By Alan Truscott

THE current representative of New York City's American Contract Bridge League, elected recently to a second term is Ira Zippert, who demonstrated on the diagrammed deal, a Chicago game, that he can be a skillful card player when his administrative duties permit.

When West failed to lead the club king, by no means an obvious move, Zippert was in control although he did not know it. He won the diamond return with the ace, drew trumps, cashed the heart king for a diamond discard and ruffed a heart.

This completed the strip play. There were no more red cards in the North-South hand, and Zippert led a club announcing "I'll make it if there is a singleton club honor in East's hand."

And there was. West had to win and give a ruff and, as so the club loser from the closed hand disappeared. West was left to discover in the post-mortem that he would have done better, in practice by bidding five hearts. That contract would have failed by just one trick barring an unlikely diamond lead to establish a ruff in that suit.

Bridge

Hand	North	South
1	♠ A 7 6 3	♠ A 7 6 3
2	♥ A 7 6 3	♥ A 7 6 3
3	♦ A 7 6 3	♦ A 7 6 3
4	♣ A 7 6 3	♣ A 7 6 3

Out of Their League

Now, according to The Washington Post, the Senate report says McFarlane did indeed bring cake and Bible, that the cake was made in Israel and decorated with a choc-

The dignity of the state is in collapse at the moment, just when it had begun to seem that one of Reagan's achievements had been its restoration. This is what happens when you let amateurs take on professionals in a part of the world where even the best American diplomacy can probably only hold off disaster one day at a time. President Reagan should have got those men out of the hot zone.

New York Times Service

Martha Clarke's 'Through Line' to Kafka

With these two major successes behind her and the new show about Kafka opening soon, Clarke is, at 42, at the top of her profession. Watching rehearsals of the Kafka work, I was fascinated by the depth and the detail of the exploration as she and her collaborators — the designers as well as the performers — researched, discussed and tried to understand their difficult subject.

Generally, the dancers were in one studio, actors in another. As the deadline

approached, the work seemed to be in



disarray. Finally, one day in late December, the director discovered both the title and the theme, or "through-line." The title, "A Hunger Artist," was a reference to Franz Kafka's 1919 novella "A Hunger Artist," which deals with a man whose profession is fasting and who eventually starves himself to death. The through-line is starvation and dying. "Emotional and literal starvation," said Clarke and, realizing the heaviness of that summary, added, "She said laughingly."

Through Clarke's life there has been a simultaneity of choice and chance; when she wanted to do something she had the opportunity to do it. She was born in 1944, the second child and only daughter of a financially secure Baltimore suburban couple. Her father, who died 12 years ago, was a lawyer and formerly a jazz musician and a Jewiteer. Her mother plays the piano. Her twin, Shiraz Clarke, the very same

filmmaker, suggested the name Martha at the time Martha Graham it was, as it turned out, a purely coincidental choice.

Beginning at age 6, Clark studied dancing at the Peabody Conservatory of Music in Baltimore and she also took art classes at the Baltimore Museum of Art. By 15 she was studying at the American Dance Festival in Connecticut, where she first saw the work of the choreographer Anna Sokolow. "I was knocked off my chair by the strong dramatic element."

The following year she applied to the Juilliard School and was so highly regarded that she was encouraged to transfer there before her last year of high school. At Juilliard she studied dance with Louis Horst, a fierce taskmaster who drove her to the point where she inspired her own greater efforts. Though Horst was an associate of Martha Graham, Clark was not a

One day, close to the first public performance, everything seemed to go awry. One dancer said, "This doesn't have a home's ass to do with Vienna," a sentiment that seemed to echo from the entire company. Clarke slashed 20 minutes out of the piece, rearranged the scenes and compressed it into its final breathtaking form. "I have a terrible fear of things going on too long," she said.

Excerpted from The New York Times

Dustin Hoffman said he doubted whether he, Robert De Niro or Al Pacino—all of whom were sitting at the same dinner table—would ever have become actors if it hadn't been for Elia Kazan. Warren Beatty wrote in to describe Kazan as the head of a vast family of stage and screen artists. There were among many such tributes offered Monday night at a dinner for Kazan, the director whose work has encompassed some of the major works for stage and screen of the last half century.

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